



# CITY OF ARDMORE, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE YEAR ENDED

JUNE 30, 2014

**THE CITY OF ARDMORE,  
OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the City Commission  
City of Ardmore, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ardmore, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Special Revenue Community Enhancement Fund	Unmodified
Capital Project Street Improvement Fund	Unmodified
Capital Project GAPS Tax City Fund	Unmodified
Other Governmental Funds	Unmodified

Ardmore Solid Waste Authority	Unmodified
Ardmore Public Works Authority	Unmodified
Other Enterprise Funds	Unmodified
Internal Service Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

**Basis for Adverse Opinion on Aggregate Discretely Presented Component Units**

The financial statements referred to above do not include financial data for the City’s legally separate discretely presented component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the City’s primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses of the aggregate discretely presented component units would have been presented in conjunction with these financial statements and footnotes, however the amounts are undeterminable.

**Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Aggregate Discretely Presented Component Units the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Ardmore, Oklahoma as of June 30, 2014, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Ardmore, Oklahoma as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedules, footnotes to budgetary comparison schedules, pension plan information and other post-employment benefit plan information on pages 8-16 and 63–65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ardmore, Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements, other fund combining financial statements and schedules, and the schedule of expenditures of state awards and federal awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other fund combining financial statements and schedules, the schedule of expenditures of state awards and of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other fund combining financial statements and schedules, the schedule of expenditures of state awards and federal awards are fairly stated in all material respects in relation to the basic financial statements.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2015, on our consideration of the City of Ardmore, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Ardmore, Oklahoma's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma  
April 1, 2015



**CITY OF ARDMORE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2014**

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**MANAGEMENT DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Ardmore's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the City's financial statements, which follow this section.

### ***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended June 30, 2014, the City's total net position increased by \$5,028,868 or 6.9% from the prior year.
- During the year, the City's expenses for governmental activities were \$26.9 million and were funded by program revenues of \$2.6 million and further funded with taxes and other general revenues that totaled \$28.7 million.
- In the City's business-type activities, such as utilities, program revenues exceed expenses by \$553,282.
- At June 30, 2014, unassigned fund balance for the General Fund was \$1,795,633, or 9.9% of the total General Fund revenues for the year.
- For budgetary reporting purposes, the General Fund reported revenues over estimates (excluding transfers) of \$232,496 or 2%, while expenditures were under the final appropriations (excluding transfers) by \$1,258,172 or 6.8%.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

Except as noted below, the financial statements presented herein include all of the activities of the City of Ardmore (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, and 39. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type. Except as noted below, the government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) and deferred outflows as well as all liabilities (including all long-term debt) and deferred inflows.

For various reasons, the City has elected to omit certain component units from this financial statement presentation. See Note 1 to the financial statements for further information.

### **Reporting the City as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**CITY OF ARDMORE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2014**

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These two statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the difference between assets, deferred outflows, liabilities and deferred inflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, sanitation and golf activities are reported here.

Normally, these statements would also include, as discretely-presented component units, certain entities that do not meet the criteria for blending, specifically the Ardmore Main Street Authority, Hardy Murphy Coliseum Authority, Ardmore Development Authority, Ardmore Animal Care Trust, Ardmore Regional Park Trust Authority, and Ardmore Tourism Authority. However, these component units are excluded from the City's report because they report on a financial reporting framework which differs from the City's financial reporting framework as detailed in Note B to the financial statements.

### **Reporting the City's Most Significant Funds**

#### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

*Governmental funds* -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

**CITY OF ARDMORE, OKLAHOMA**  
**Management's Discussion and Analysis**  
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*Proprietary funds* - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets exceeded liabilities by approximately \$78.3 million at the close of the most recent fiscal year.

**TABLE 1**  
**NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2014	2013		2014	2013		2014	2013	
Current and other assets	\$ 28,914	\$ 30,465	-5%	\$ 12,833	\$ 11,949	7%	\$ 41,747	\$ 42,414	-2%
Capital assets, net	28,697	27,691	4%	53,608	51,057	5%	82,305	78,748	5%
<b>Total assets</b>	<b>57,611</b>	<b>58,156</b>	<b>-1%</b>	<b>66,441</b>	<b>63,006</b>	<b>5%</b>	<b>124,052</b>	<b>121,162</b>	<b>2%</b>
Deferred outflows of resources	-	-	-	46	35	-31%	46	35	-31%
Current liabilities	5,343	4,089	-31%	4,628	3,533	-31%	9,971	7,622	-31%
Non-current liabilities	9,069	11,534	21%	26,803	28,814	7%	35,872	40,348	11%
<b>Total liabilities</b>	<b>14,412</b>	<b>15,623</b>	<b>8%</b>	<b>31,431</b>	<b>32,347</b>	<b>3%</b>	<b>45,843</b>	<b>47,970</b>	<b>4%</b>
Net position									
Net investment in capital assets	19,905	17,433	14%	25,396	20,726	23%	45,301	38,159	19%
Restricted	14,450	15,113	-4%	-	-	-	14,450	15,113	-4%
Unrestricted	8,844	9,987	-11%	9,660	9,968	-3%	18,504	19,955	-7%
<b>Total net position</b>	<b>\$ 43,199</b>	<b>\$ 42,533</b>	<b>2%</b>	<b>\$ 35,056</b>	<b>\$ 30,694</b>	<b>14%</b>	<b>\$ 78,255</b>	<b>\$ 73,227</b>	<b>7%</b>

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. For 2014, this net investment in capital assets amounted to \$45.3 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of the City's governmental activities increased 1.6% to approximately \$43.2 million. However, approximately \$34.4 million of this net position either are restricted as to the purposes they can be used for, or are invested in capital assets (buildings, roads, bridges, and so on). Consequently, unrestricted net position showed approximately \$8.8 million at the end of this year. Net position of the business-type activities increased 14.3% to approximately \$35 million. \$25.4 million of that net position is invested in capital assets, net of related debt. Consequently, unrestricted net position showed approximately \$9.7 million at the end of the year.

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**Management's Discussion and Analysis**  
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**Changes in Net Position**

For the year ended June 30, 2014, net position of the primary government changed as follows:

**TABLE 2**  
**CHANGES IN NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2014	2013		2014	2013		2014	2013	
<b>Revenues</b>									
Charges for service	\$ 724	\$ 671	8%	\$ 12,725	\$ 13,048	-2%	\$ 13,449	\$ 13,719	-2%
Operating grants and contributions	1,728	1,707	1%	-	-	-	1,728	1,707	1%
Capital grants and contributions	141	1,493	-91%	96	49	96%	237	1,542	-85%
Taxes	27,360	27,577	-1%	-	-	-	27,360	27,577	-1%
Intergovernmental revenue	346	358	-3%	-	-	-	346	358	-3%
Investment income	279	(31)	1000%	14	31	-55%	293	-	100%
Forgiveness of debt	-	1,040	-100%	-	-	-	-	1,040	-100%
Miscellaneous	766	823	-7%	24	79	-70%	790	902	-12%
<b>Total revenues</b>	<b>31,344</b>	<b>33,638</b>	<b>-7%</b>	<b>12,859</b>	<b>13,207</b>	<b>-3%</b>	<b>44,203</b>	<b>46,845</b>	<b>-6%</b>
<b>Expenses</b>									
General government	8,606	9,159	-6%	-	-	-	8,606	9,159	-6%
Public safety	9,507	9,907	-4%	-	-	-	9,507	9,907	-4%
Streets	3,779	5,266	-28%	-	-	-	3,779	5,266	-28%
Culture and recreation	3,207	3,121	3%	-	-	-	3,207	3,121	3%
Cemetery	309	313	-1%	-	-	-	309	313	-1%
Airport	158	1,504	-89%	-	-	-	158	1,504	-89%
Economic development	895	937	-4%	-	-	-	895	937	-4%
Interest on long-term debt	446	510	-13%	-	-	-	446	510	-13%
Water	-	-	-	5,703	7,122	-20%	5,703	7,122	-20%
Wastewater	-	-	-	3,861	5,174	-25%	3,861	5,174	-25%
Sanitation	-	-	-	2,159	2,160	-	2,159	2,160	-
Golf	-	-	-	545	518	5%	545	518	5%
<b>Total expenses</b>	<b>26,907</b>	<b>30,717</b>	<b>-12%</b>	<b>12,268</b>	<b>14,974</b>	<b>-18%</b>	<b>39,175</b>	<b>45,691</b>	<b>-14%</b>
Excess (deficiency) before transfers	4,437	2,921	52%	591	(1,767)	-133%	5,028	1,154	336%
Transfers	(3,771)	(2,112)	79%	3,771	2,112	79%	-	-	-
<b>Change in net position</b>	<b>666</b>	<b>809</b>	<b>-18%</b>	<b>4,362</b>	<b>345</b>	<b>1164%</b>	<b>5,028</b>	<b>1,154</b>	<b>336%</b>
<b>Beginning net position</b>	<b>42,533</b>	<b>41,724</b>	<b>2%</b>	<b>30,694</b>	<b>30,349</b>	<b>-</b>	<b>73,227</b>	<b>72,073</b>	<b>2%</b>
<b>Ending net position</b>	<b>\$ 43,199</b>	<b>\$ 42,533</b>	<b>2%</b>	<b>\$ 35,056</b>	<b>\$ 30,694</b>	<b>14%</b>	<b>\$ 78,255</b>	<b>\$ 73,227</b>	<b>7%</b>

Explanations for changes in excess of 20% and \$100,000 are as follows:

*Governmental Activities:*

Capital grants and contributions decreased 91% and airport expenditures decreased 89% due to lack of activity of FAA grants in the current year as compared to the prior year.

Investment income increased 1000% due to recording the change in fair market value of the library trust investments in the Library Trust Fund.

In the prior year, debt forgiven by the Arbuckle Master Conservancy District totaled \$1,039,909 resulting in a decrease of 100% compared to the prior year.

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Street expenditures decreased 28% due to depreciation expense for street assets decreasing significantly in the current year.

Net transfers out increased 79% due primarily to a transfer to the Water Enterprise Fund from the Reserve Management Fund in the current year to pay off the Series 2004 OWRB Note.

*Business-Type Activities:*

Water and Wastewater expenses decreased 20% and 25% respectively due to depreciation expense for water and wastewater assets decreasing significantly in the current year.

Net transfers in increased 79% due primarily to a transfer from the Reserve Management Fund to the Water Enterprise Fund in the current year to pay off the Series 2004 OWRB Note.

**Governmental Activities**

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

**TABLE 3**  
**Net Revenue (Expense) of Governmental Activities**  
**(In Thousands)**

	<b>Total Expense of Services</b>		<b>% Inc. (Dec.)</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. (Dec.)</b>
	<b>2014</b>	<b>2013</b>		<b>2014</b>	<b>2013</b>	
General government	\$ 8,606	\$ 9,160	-6%	(\$8,335)	(\$8,898)	-6%
Public safety	9,507	9,907	-4%	(8,186)	(8,522)	-4%
Street	3,779	5,266	-28%	(3,543)	(5,047)	-30%
Culture and recreation	3,207	3,121	3%	(2,592)	(2,539)	2%
Cemetery	309	313	-1%	(255)	(256)	-
Airport	158	1,504	-89%	(61)	(138)	-56%
Economic development	895	937	-4%	(895)	(937)	-4%
Interest on long-term debt	446	762	-41%	(446)	(762)	-41%
<b>Total</b>	<b>26,907</b>	<b>30,970</b>	<b>-13%</b>	<b>(\$24,313)</b>	<b>(\$27,099)</b>	<b>-10%</b>

Explanations for significant changes are listed above under Table 2.

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**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2014**

**TABLE 4**  
**Net Revenue (Expense) of Business-Type Activities**  
**(In Thousands)**

	<b>Total Expense of Services</b>		<b>% Inc. Dec.</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. Dec.</b>
	<b>2014</b>	<b>2013</b>		<b>2014</b>	<b>2013</b>	
Water	\$ 5,703	\$ 7,122	-20%	\$ 22	\$ (1,249)	-102%
Wastewater	3,861	5,174	-25%	(595)	(1,756)	-66%
Sanitation	2,159	2,160	0%	1,118	1,209	-8%
Golf	545	518	5%	8	(80)	-110%
<b>Total</b>	<b>\$12,268</b>	<b>\$14,974</b>	<b>-18%</b>	<b>\$ 553</b>	<b>\$ (1,876)</b>	<b>-129%</b>

The City's business-type activities include utility services for water, wastewater, sanitation and golf.

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2014 fiscal year, the governmental funds reported a combined fund balance of \$25 million, which is a decrease of approximately \$1 million as compared with the prior year. The enterprise funds reported combined net position of \$35.1 million, which is an increase of approximately \$4 million compared with the prior year.

Other fund highlights include:

- For the year ended June 30, 2014, the General Fund's total fund balance decreased by \$286,255 or 3.7%.
- There is \$5,521,618 of fund balance in the General Fund that is assigned for specific purposes.

**General Fund Budgetary Highlights**

For the year ended June 30, 2014, the General Fund reported actual budgetary basis revenues above final estimates by \$232,496 or 2%, while expenditures were under final appropriations by \$1,258,172 or 6.8%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2014, the City had \$82 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net increase of approximately \$3.5 million from last year.

**CITY OF ARDMORE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2014**

**TABLE 5**  
**Capital Assets**  
**(In Thousands)**  
**(Net of accumulated depreciation)**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Land	\$ 4,251	\$ 4,251	\$ 502	\$ 502	\$ 4,753	\$ 4,753
Buildings	9,081	9,234	37,377	38,346	46,458	47,580
Computers	626	918	21	26	647	944
Furniture and fixtures	135	151	12	11	147	162
Vehicles	931	710	743	806	1,674	1,516
Machinery and equipment	1,417	1,219	1,815	1,054	3,232	2,273
Infrastructure	12,256	11,214	13,138	10,312	25,394	21,526
<b>Totals</b>	<b>\$ 28,697</b>	<b>\$ 27,697</b>	<b>\$ 53,608</b>	<b>\$ 51,057</b>	<b>\$ 82,305</b>	<b>\$ 78,754</b>

This year's more significant capital asset additions included:

Heritage Hall Re-Roof	\$ 85,360
Dog Park	61,641
Playground	115,000
Backhoe	72,414
Backhoe	72,125
Sanitary and Storm Sewer Improvements	2,854,226
Flusher Truck	147,720
Airpark Lift Station Improvements	50,990
Submersible Pump	75,950
Water Line Improvements	1,539,342
Water Meter & Settings Improvements	63,779
Vacuum System & Trailer	51,830
Golf Carts (67)	193,878
Front Loader	252,686
Truck with Lightening Loader	154,176
ADEA Improvements	63,593
Bridges and Culverts	723,107
Siren System Improvements	71,338
Street Improvements	2,149,458

See Note 4 to the financial statements for more detail information on the City's capital assets and changes therein.

**Long- Term Debt**

At year-end, the City had \$41.4 million in long-term debt outstanding which represents a \$3,429,176 or 7.6% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:



**CITY OF ARDMORE, OKLAHOMA**  
**Management's Discussion and Analysis**  
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**TABLE 6**  
**Long-Term Debt**  
**(In Thousands)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Notes payable	-	-	29,107	30,861	29,107	30,861
Capital lease obligations	518	709	-	95	518	804
Revenue bonds payable	8,275	9,550	-	-	8,275	9,550
Deposits subject to refund	-	-	209	201	209	201
Claims payable	324	817	-	-	324	817
Accrued compensated absences	888	883	244	226	1,132	1,109
Other post-employment benefit:	1,397	1,129	435	354	1,832	1,483
<b>Totals</b>	<b>\$ 11,402</b>	<b>\$ 13,088</b>	<b>\$ 29,995</b>	<b>\$ 31,737</b>	<b>\$ 41,397</b>	<b>\$ 44,825</b>

See Note 5 to the financial statements for more detail information on the City's long-term debt and changes therein.

**The Economic Outlook**

In FY Year 2014-15 the City of Ardmore, Ardmore Public Works Authority and Ardmore Solid Waste Authority developed the budget with defined goals and conservative revenue projections. The adopted Fiscal Year 2014-15 budget contains \$54,059,479 in estimated revenues, \$59,043,758 in estimated expenditures and \$10,488,143 in transfers between funds and finally \$33,310,448 in beginning fund balances to balance the budget. Estimated ending fund balances in all funds are estimated to be \$28,326,169. As in the past, the City's General Fund is not keeping up with the increasing cost and demands for services. The 2014-2015 General Fund has budgeted expenses exceeding budgeted revenues by \$7,297,045 before transfers. The General Fund is still not able to meet the Commission's goal of maintaining a sufficient reserve without relying on transfers-in from the utility funds.

**Contacting the City's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at 23 S. Washington, Ardmore, Oklahoma 73402 or telephone at 580-223-2934.

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF ARDMORE, OKLAHOMA**  
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**Government-Wide Statement of Net Position– June 30, 2014**

	<b>Primary Government</b>		
	<b><u>Governmental</u></b>	<b><u>Business-Type</u></b>	<b><u>Total</u></b>
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,223,698	\$ 9,046,424	\$ 25,270,122
Investments	8,693,163	2,600,000	11,293,163
Accounts receivable, net of allowance	-	1,437,005	1,437,005
Court fines receivable, net of allowance	64,746	-	64,746
Internal balances	503,220	(503,220)	-
Receivable from other governments	3,284,318	-	3,284,318
Other taxes receivable	89,863	-	89,863
Other receivables	29,142	68	29,210
Inventories	26,223	252,552	278,775
Capital Assets			
Land and construction in progress	4,251,261	502,495	4,753,756
Other capital assets, net of depreciation	24,446,200	53,105,457	77,551,657
	57,611,834	66,440,781	124,052,615
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	-	46,342	46,342
	-	46,342	46,342
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	2,238,758	1,273,983	3,512,741
Accrued interest payable	119,729	160,394	280,123
Due to other governments	271,712	-	271,712
Due to bondholders	2,850	-	2,850
Other payables	377,078	2,112	379,190
Long-term liabilities			
Due within one year	2,333,100	3,191,177	5,524,277
Due in more than one year	9,069,380	26,803,457	35,872,837
Total liabilities	14,412,607	31,431,123	45,843,730
<b>NET POSITION</b>			
Net investment in capital assets	19,904,873	25,396,368	45,301,241
Restricted for:			
Schools	181,849	-	181,849
Community enhancement	1,391,926	-	1,391,926
Streets	1,890,762	-	1,890,762
Culture and recreation	74,726	-	74,726
Capital projects	340,898	-	340,898
Public safety	26,008	-	26,008
Grant projects	42,079	-	42,079
Cemetery	137,450	-	137,450
Library capital improvement	324,440	-	324,440
Donor provisions-library	4,913,560	-	4,913,560
Debt Service	5,126,312	-	5,126,312
Unrestricted	8,844,344	9,659,632	18,503,976
Total net position	\$ 43,199,227	\$ 35,056,000	\$ 78,255,227

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Government-Wide Statement of Activities –Year Ended June 30, 2014**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
<b>Governmental Activities</b>							
General government	\$ 8,605,772	\$ 270,446	\$ 9	\$ -	\$ (8,335,317)	\$ -	\$ (8,335,317)
Public safety	9,507,067	200,476	1,076,657	44,192	(8,185,742)	-	(8,185,742)
Street	3,778,614	1,255	234,419	-	(3,542,940)	-	(3,542,940)
Culture and recreation	3,207,465	172,727	417,194	25,000	(2,592,544)	-	(2,592,544)
Cemetery	308,777	54,200	-	-	(254,577)	-	(254,577)
Airport	157,772	24,851	-	71,539	(61,382)	-	(61,382)
Economic development	894,798	-	-	-	(894,798)	-	(894,798)
Interest on long-term debt	446,111	-	-	-	(446,111)	-	(446,111)
Total governmental activities	<u>26,906,376</u>	<u>723,955</u>	<u>1,728,279</u>	<u>140,731</u>	<u>(24,313,411)</u>	<u>-</u>	<u>(24,313,411)</u>
<b>Business-type activities</b>							
Water	5,703,059	5,629,291	-	95,684	-	21,916	21,916
Wastewater	3,860,843	3,265,842	-	-	-	(595,001)	(595,001)
Sanitation	2,158,771	3,276,609	-	-	-	1,117,838	1,117,838
Golf	545,128	553,657	-	-	-	8,529	8,529
Total business-type activities	<u>12,267,801</u>	<u>12,725,399</u>	<u>-</u>	<u>95,684</u>	<u>-</u>	<u>553,282</u>	<u>553,282</u>
Total primary government	<u>39,174,177</u>	<u>13,449,354</u>	<u>1,728,279</u>	<u>236,415</u>	<u>(24,313,411)</u>	<u>553,282</u>	<u>(23,760,129)</u>
<b>General revenues:</b>							
Taxes:							
Sales and use taxes					22,295,440	-	22,295,440
Property taxes					169,428	-	169,428
Tax apportionment revenue					1,930,962	-	1,930,962
Franchise & misc taxes					1,844,790	-	1,844,790
911 taxes					222,787	-	222,787
Hotel/motel taxes					897,259	-	897,259
Intergovernmental revenue not restricted to specific programs					346,074	-	346,074
Unrestricted investment earnings					279,216	13,813	293,029
Miscellaneous					765,611	23,617	789,228
Transfers					(3,771,467)	3,771,467	-
Total general revenues and transfers					<u>24,980,100</u>	<u>3,808,897</u>	<u>28,788,997</u>
Change in net position					666,689	4,362,179	5,028,868
Net position - beginning					42,532,538	30,693,821	73,226,359
Net position - ending					<u>\$ 43,199,227</u>	<u>\$ 35,056,000</u>	<u>\$ 78,255,227</u>

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2014**

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF ARDMORE, OKLAHOMA**  
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**Governmental Funds Balance Sheet - June 30, 2014**

	<b>General Fund</b>	<b>Special Revenue - Community Enhancement Fund</b>	<b>Special Revenue - Library Trust Fund</b>	<b>Capital Project - Street Improvement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,082,558	\$ 843,140	\$ 51,349	\$ 755,027	\$ 8,564,905	\$ 15,296,979
Investments	1,471,492	200,000	4,862,211	1,300,000	1,030,952	8,864,655
Receivable from other governments	1,957,522	363,698	-	363,698	599,400	3,284,318
Due from other funds	634,235	-	-	198,084	25,105	857,424
Other taxes receivable, net	-	-	-	-	89,863	89,863
Court fines receivable, net	64,746	-	-	-	-	64,746
Other receivables	29,142	-	-	-	-	29,142
Total assets	<u>\$ 9,239,695</u>	<u>\$ 1,406,838</u>	<u>\$ 4,913,560</u>	<u>\$ 2,616,809</u>	<u>\$ 10,310,225</u>	<u>\$ 28,487,127</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,009,397	\$ 6,102	\$ -	\$ 645,101	\$ 537,132	\$ 2,197,732
Due to other funds	504,839	-	-	25,105	346	530,290
Due to bondholders	2,850	-	-	-	-	2,850
Payable to other governments	-	-	-	-	271,712	271,712
Other payables	377,018	-	-	60	-	377,078
Total liabilities	<u>1,894,104</u>	<u>6,102</u>	<u>-</u>	<u>670,266</u>	<u>809,190</u>	<u>3,379,662</u>
Deferred Inflows of Resources:						
Deferred revenue	28,340	-	-	-	12,629	40,969
Fund balances:						
Restricted	-	1,389,465	4,913,560	1,890,762	6,256,223	14,450,010
Assigned	5,521,618	11,271	-	55,781	3,353,349	8,942,019
Unassigned (deficit)	1,795,633	-	-	-	(121,166)	1,674,467
Total fund balances	<u>7,317,251</u>	<u>1,400,736</u>	<u>4,913,560</u>	<u>1,946,543</u>	<u>9,488,406</u>	<u>25,066,496</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,239,695</u>	<u>\$ 1,406,838</u>	<u>\$ 4,913,560</u>	<u>\$ 2,616,809</u>	<u>\$ 10,310,225</u>	<u>\$ 28,487,127</u>

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA**  
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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2014**

	<u>General Fund</u>	<u>Special Revenue - Community Enhancement Fund</u>	<u>Special Revenue - Library Trust Fund</u>	<u>Capital Project - Street Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes	\$ 15,044,703	\$ 2,762,655	\$ -	\$ 2,762,655	\$ 6,793,983	\$ 27,363,996
Intergovernmental	1,213,455	-	-	-	466,907	1,680,362
Licenses and permits	227,663	-	-	-	-	227,663
Charges for services	155,296	-	-	1,255	31,719	188,270
Fines and forfeitures	174,850	-	72,333	-	-	247,183
Investment earnings	58,478	1,575	102,378	2,449	40,109	204,989
Miscellaneous	1,231,874	-	233,128	-	645,371	2,110,373
Total revenues	<u>18,106,319</u>	<u>2,764,230</u>	<u>407,839</u>	<u>2,766,359</u>	<u>7,978,089</u>	<u>32,022,836</u>
<b>EXPENDITURES</b>						
Current:						
General government	4,990,202	791,696	-	-	1,938,864	7,720,762
Public safety	9,058,495	-	-	-	62,545	9,121,040
Street	1,115,531	-	-	33,088	479,511	1,628,130
Culture and recreation	2,637,385	-	14,285	-	146,292	2,797,962
Cemetery	290,426	-	-	-	-	290,426
Airport	-	-	-	-	39,998	39,998
Economic development	-	-	-	-	894,798	894,798
Capital outlay	757,314	-	-	3,233,516	2,823,475	6,814,305
Debt service:						
Principal	-	189,391	-	-	1,547,689	1,737,080
Interest and other charges	-	32,409	-	-	431,475	463,884
Total expenditures	<u>18,849,353</u>	<u>1,013,496</u>	<u>14,285</u>	<u>3,266,604</u>	<u>8,364,647</u>	<u>31,508,385</u>
Excess (deficiency) of revenues over expenditures	<u>(743,034)</u>	<u>1,750,734</u>	<u>393,554</u>	<u>(500,245)</u>	<u>(386,558)</u>	<u>514,451</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from interfund advance	-	-	-	-	340,897	340,897
Proceeds from sale of capital assets	37,324	-	-	-	-	37,324
Transfers in	4,718,727	-	-	1,332	1,557,259	6,277,318
Transfers out	(4,299,272)	(1,654,400)	-	(733,915)	(1,419,436)	(8,107,023)
Total other financing sources and uses	<u>456,779</u>	<u>(1,654,400)</u>	<u>-</u>	<u>(732,583)</u>	<u>478,720</u>	<u>(1,451,484)</u>
Net change in fund balances	(286,255)	96,334	393,554	(1,232,828)	92,162	(937,033)
Fund balances - beginning	7,603,506	1,304,402	4,520,006	3,179,371	9,396,244	26,003,529
Fund balances - ending	<u>\$ 7,317,251</u>	<u>\$ 1,400,736</u>	<u>\$ 4,913,560</u>	<u>\$ 1,946,543</u>	<u>\$ 9,488,406</u>	<u>\$ 25,066,496</u>

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA  
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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

Total fund balance, governmental funds	\$	25,066,496
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Investments are reported at the fund level for prepayment of judgements by the General Fund. These are not reported in the Statement of Net Position, but are netted against proceeds from interfund advance and the principal retirement of such advance.		(671,492)
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds, but are reported in the governmental activities of the Statement of Net Position, net of accumulated depreciation of \$68,196,706.		28,697,461
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Grants receivable		8,808
Court fines receivable		28,340
Property taxes receivable		3,821
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. A portion of the assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.		
Net position of the Internal Service Funds		1,215,582
Certain long-term liabilities are not due and payable from current resources, and, therefore, are not reported in the funds:		
Accrued interest payable		(119,729)
Capital lease obligations payable		(517,588)
Revenue bonds payable		(8,275,000)
Accrued compensated absences		(864,212)
Other post-employment benefits		(1,373,260)
Net Position of Governmental Activities in the Statement of Net Position	\$	43,199,227

See accompanying notes to the basic financial statements.



**CITY OF ARDMORE, OKLAHOMA**  
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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

Net change in fund balances - total governmental funds: \$ (937,033)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital asset purchases capitalized	4,447,676
Capital assets disposed	(21,185)
Depreciation expense	(3,420,254)

Investments are reported at the fund level for prepayment of judgements by the General Fund. These are not reported in the Statement of Net Position, but are netted against proceeds from interfund advances and the principal retirement of such advance.

Proceeds from interfund advances	(340,897)
Principal retirement of interfund advances	271,029

Governmental funds report principal retirements of notes receivable as revenues while governmental activities report a reduction of the notes receivable.

Principal retirement of notes receivable	(600,000)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in deferred revenue	(652)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on capital lease obligations	191,051
Principal payments on revenue bonds payable	1,275,000

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. A portion of the change in net position of the internal service funds is included in governmental activities in the Statement of Activities.

Total change in net position of the internal service funds	50,952
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Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	17,773
Change in OPEB obligations	(260,725)
Change in accrued compensated absences	(6,046)
Change in net position of governmental activities	\$ 666,689

See accompanying notes to the basic financial statements.

**CITY OF ARDMORE, OKLAHOMA  
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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF ARDMORE, OKLAHOMA**  
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**Proprietary Funds Statement of Net Position - June 30, 2014**

	<b>Ardmore Solid Waste Authority</b>		<b>Ardmore Public Works Authority</b>			<b>Total</b>	<b>Internal Service Funds</b>
	<b>Sanitation Enterprise</b>	<b>Wastewater Enterprise</b>	<b>Water Enterprise</b>	<b>Other Enterprise Funds</b>			
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 2,528,842	\$ 4,211,096	\$ 1,052,361	\$ 40,099	\$ 7,832,398	\$ 926,719	
Restricted cash and cash equivalents	-	-	1,214,026	-	1,214,026	500,000	
Investments	500,000	600,000	1,500,000	-	2,600,000	-	
Accounts receivable, net of allowance	406,568	409,182	621,255	-	1,437,005	-	
Due from other funds	-	181,849	181,849	-	363,698	182,297	
Other receivables	-	-	68	-	68	-	
Inventories	-	-	252,552	-	252,552	26,223	
Total current assets	<u>3,435,410</u>	<u>5,402,127</u>	<u>4,822,111</u>	<u>40,099</u>	<u>13,699,747</u>	<u>1,635,239</u>	
Noncurrent assets:							
Land and other non-depreciable assets	-	180,733	61,762	260,000	502,495	-	
Other capital assets, net of depreciation	1,357,298	22,620,036	28,366,912	761,211	53,105,457	-	
Total noncurrent assets	<u>1,357,298</u>	<u>22,800,769</u>	<u>28,428,674</u>	<u>1,021,211</u>	<u>53,607,952</u>	<u>-</u>	
Total assets	<u>4,792,708</u>	<u>28,202,896</u>	<u>33,250,785</u>	<u>1,061,310</u>	<u>67,307,699</u>	<u>1,635,239</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred amount on refunding	-	-	46,342	-	46,342	-	
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	74,105	232,987	966,584	307	1,273,983	41,026	
Accrued interest payable	-	4,681	155,713	-	160,394	-	
Due to other funds	7,151	615,824	243,943	-	866,918	6,211	
Other payables	-	-	2,112	-	2,112	-	
Current portion of:							
Compensated absences	5,790	6,579	11,988	-	24,357	2,462	
Deposits subject to refund	-	-	41,910	-	41,910	-	
Notes payable	-	29,910	3,095,000	-	3,124,910	-	
Total current liabilities	<u>87,046</u>	<u>889,981</u>	<u>4,517,250</u>	<u>307</u>	<u>5,494,584</u>	<u>49,699</u>	
Noncurrent liabilities:							
Compensated absences	52,113	59,207	107,896	-	219,216	22,162	
Deposits subject to refund	-	-	167,640	-	167,640	-	
Other postemployment benefit obligation	101,752	126,551	206,540	-	434,843	23,535	
Claims payable	-	-	-	-	-	324,261	
Notes payable	-	559,969	25,421,789	-	25,981,758	-	
Total non-current liabilities	<u>153,865</u>	<u>745,727</u>	<u>25,903,865</u>	<u>-</u>	<u>26,803,457</u>	<u>369,958</u>	
Total liabilities	<u>240,911</u>	<u>1,635,708</u>	<u>30,421,115</u>	<u>307</u>	<u>32,298,041</u>	<u>419,657</u>	
<b>NET POSITION</b>							
Net investment in capital assets	1,357,298	22,210,890	806,969	1,021,211	25,396,368	-	
Unrestricted	3,194,499	4,356,298	2,069,043	39,792	9,659,632	1,215,582	
Total net position	<u>\$ 4,551,797</u>	<u>\$ 26,567,188</u>	<u>\$ 2,876,012</u>	<u>\$ 1,061,003</u>	<u>\$ 35,056,000</u>	<u>\$ 1,215,582</u>	

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2014**

	<b>Ardmore Public Works Authority</b>					<b>Internal Service Funds</b>
	<b>Ardmore Solid Waste Authority</b>	<b>Sanitation Enterprise</b>	<b>Wastewater Enterprise</b>	<b>Water Enterprise</b>	<b>Other Enterprise Funds</b>	
<b>OPERATING REVENUES</b>						
Charges for services:						
Water	\$ -	\$ -	\$ 5,560,420	\$ -	\$ 5,560,420	\$ -
Wastewater	-	3,234,766	-	-	3,234,766	-
Sanitation	3,245,440	-	-	-	3,245,440	-
Golf	-	-	-	447,693	447,693	-
Self insurance charges	-	-	-	-	-	4,118,672
Miscellaneous	-	21,888	80,794	12,972	115,654	181,772
Total operating revenues	<u>3,245,440</u>	<u>3,256,654</u>	<u>5,641,214</u>	<u>460,665</u>	<u>12,603,973</u>	<u>4,300,444</u>
<b>OPERATING EXPENSES</b>						
Water operations	-	-	3,110,296	-	3,110,296	-
Wastewater operations	-	2,071,485	-	-	2,071,485	-
Sanitation operations	1,934,720	-	-	-	1,934,720	-
Administration	-	-	564,188	-	564,188	4,251,737
Golf operations	-	-	-	502,064	502,064	-
Depreciation	226,507	1,048,095	1,810,222	45,809	3,130,633	-
Total operating expenses	<u>2,161,227</u>	<u>3,119,580</u>	<u>5,484,706</u>	<u>547,873</u>	<u>11,313,386</u>	<u>4,251,737</u>
Operating income (loss)	<u>1,084,213</u>	<u>137,074</u>	<u>156,508</u>	<u>(87,208)</u>	<u>1,290,587</u>	<u>48,707</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest and investment revenue	3,996	5,950	3,820	47	13,813	1,894
Miscellaneous revenue	7,460	5,949	10,208	-	23,617	-
Gain on sale of capital assets	-	-	15,462	105,964	121,426	351
Interest expense	(66)	(274,950)	(665,354)	-	(940,370)	-
Total non-operating revenue (expenses)	<u>11,390</u>	<u>(263,051)</u>	<u>(635,864)</u>	<u>106,011</u>	<u>(781,514)</u>	<u>2,245</u>
Income (loss) before contributions and transfers	1,095,603	(125,977)	(479,356)	18,803	509,073	50,952
Capital contributions	294,892	430,583	1,115,088	184,867	2,025,430	-
Transfers in	-	15,660,999	3,767,745	51,000	19,479,744	-
Transfers out	(843,744)	(1,319,844)	(15,488,480)	-	(17,652,068)	-
Change in net position	546,751	14,645,761	(11,085,003)	254,670	4,362,179	50,952
Total net position - beginning	4,005,046	11,921,427	13,961,015	806,333	30,693,821	1,164,630
Total net position - ending	<u>\$ 4,551,797</u>	<u>\$ 26,567,188</u>	<u>\$ 2,876,012</u>	<u>\$ 1,061,003</u>	<u>\$ 35,056,000</u>	<u>\$ 1,215,582</u>

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2014**

	Ardmore Public Works Authority					Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 3,325,387	\$ 3,365,676	\$ 5,743,155	\$ 460,665	\$ 12,894,883	\$ 4,300,444
Receipts (payments) from (to) other funds	(25,351)	558,073	151,152	-	683,874	651,560
Payments to suppliers	(969,900)	(753,496)	(907,494)	(502,640)	(3,133,530)	(849,421)
Payments to employees	(933,950)	(1,135,302)	(1,952,682)	-	(4,021,934)	(315,360)
Claims and judgments paid	-	-	-	-	-	(3,565,367)
Receipts of customer meter deposits	-	-	72,931	-	72,931	-
Refunds of customer meter deposits	-	-	(64,435)	-	(64,435)	-
Other receipts	7,460	5,949	10,208	-	23,617	-
Net Cash Provided by (Used in) Operating Activities	<u>1,403,646</u>	<u>2,040,900</u>	<u>3,052,835</u>	<u>(41,975)</u>	<u>6,455,406</u>	<u>221,856</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from other funds	-	15,660,999	3,767,745	51,000	19,479,744	-
Transfers to other funds	(843,744)	(1,319,844)	(15,488,480)	-	(17,652,068)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(843,744)</u>	<u>14,341,155</u>	<u>(11,720,735)</u>	<u>51,000</u>	<u>1,827,676</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from capital debt	-	-	28,091,789	-	28,091,789	-
Principal paid on capital debt	(12,529)	(11,981,681)	(17,946,660)	-	(29,940,870)	-
Interest paid on capital debt	(66)	(384,551)	(698,304)	-	(1,082,921)	-
Purchase of capital assets	(154,176)	(2,777,194)	(619,181)	-	(3,550,551)	-
Proceeds from sale of capital assets	-	-	15,611	-	15,611	351
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(166,771)</u>	<u>(15,143,426)</u>	<u>8,843,255</u>	<u>-</u>	<u>(6,466,942)</u>	<u>351</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Sale of investments	500,000	399,000	-	-	899,000	-
Interest and dividends	3,996	5,950	3,820	47	13,813	1,894
Net Cash Provided by Investing Activities	<u>503,996</u>	<u>404,950</u>	<u>3,820</u>	<u>47</u>	<u>912,813</u>	<u>1,894</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>897,127</b>	<b>1,643,579</b>	<b>179,175</b>	<b>9,072</b>	<b>2,728,953</b>	<b>224,101</b>
<b>Balances - beginning of the year</b>	<b>1,631,715</b>	<b>2,567,517</b>	<b>2,087,212</b>	<b>31,027</b>	<b>6,317,471</b>	<b>702,618</b>
<b>Balances - end of the year</b>	<b>\$ 2,528,842</b>	<b>\$ 4,211,096</b>	<b>\$ 2,266,387</b>	<b>\$ 40,099</b>	<b>\$ 9,046,424</b>	<b>\$ 926,719</b>
<b>Reconciliation to Statement of Net Position:</b>						
Cash and cash equivalents	\$ 2,528,842	\$ 4,211,096	\$ 1,052,361	\$ 40,099	\$ 7,832,398	\$ 926,719
Restricted cash and cash equivalents	-	-	1,214,026	-	1,214,026	-
	<u>\$ 2,528,842</u>	<u>\$ 4,211,096</u>	<u>\$ 2,266,387</u>	<u>\$ 40,099</u>	<u>\$ 9,046,424</u>	<u>\$ 926,719</u>

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2014, (Continued)**

	Ardmore Solid Waste Authority	Ardmore Public Works Authority			Total	Internal Service Funds
	Sanitation Enterprise	Wastewater Enterprise	Water Enterprise	Other Enterprise Funds		
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 1,084,213	\$ 137,074	\$ 156,508	\$ (87,208)	\$ 1,290,587	\$ 48,707
Adjustments to reconcile operating income (loss) to net cash provided (used in) by operating activities:						
Depreciation expense	226,507	1,048,095	1,810,222	45,809	3,130,633	-
Other non-operating revenues	7,460	5,949	10,208	-	23,617	-
Change in assets and liabilities:						
Receivables, net	79,947	109,022	101,941	-	290,910	-
Inventory	-	-	6,593	-	6,593	-
Due from other funds	-	(11,384)	(11,384)	-	(22,768)	493,161
Other receivables	-	-	-	-	-	167,168
Accounts payable and accrued liabilities	17,782	144,954	761,513	(576)	923,673	9,063
Customer meter deposits payable	-	-	8,496	-	8,496	-
Due to other funds	(25,351)	569,457	162,536	-	706,642	(9,282)
Other payables	-	-	(628)	-	(628)	-
Claims payable	-	-	-	-	-	(493,161)
Other post-employment benefit obligation	18,396	22,164	39,888	-	80,448	6,736
Accrued compensated absences	(5,308)	15,569	6,942	-	17,203	(536)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 1,403,646</b>	<b>\$ 2,040,900</b>	<b>\$ 3,052,835</b>	<b>\$ (41,975)</b>	<b>\$ 6,455,406</b>	<b>\$ 221,856</b>
<b>Noncash activities:</b>						
Contributed capital assets	\$ 294,892	\$ 430,583	\$ 1,115,088	\$ 184,867	\$ 2,025,430	\$ -
Total Noncash Activities	<b>\$ 294,892</b>	<b>\$ 430,583</b>	<b>\$ 1,115,088</b>	<b>\$ 184,867</b>	<b>\$ 2,025,430</b>	<b>\$ -</b>

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

**Footnotes to the Basic Financial Statements:**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The City's financial reporting entity includes the primary government (City of Ardmore), two blended component units, and six discretely presented component units as noted below.

In determining the financial reporting entity, except as noted below, the City complies with the provisions of Governmental Accounting Standards Board Statements No. 14, 34, and 39 and includes all component units for which the City is financially accountable.

**The City of Ardmore** – that provides the public safety, streets, culture and recreation, cemetery, airport, economic development and administrative activities.

The City of Ardmore, Oklahoma, is a charter city operating under a Commission-Manager form of government authorized by the charter and Title 11 of the Oklahoma statutes. The governing body of the City is the Commission comprised of five elected members who designate one member to serve as mayor. The appointed City Manager is the administrative head of the City.

The City of Ardmore has a population of approximately 24,283 located in southern Oklahoma. The City is a Commission/Manager form of government that provides for three branches of government:

- Legislative – the City Commission is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Commission
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Commission

The City and its Trusts provide typical municipal services such as public safety, street maintenance, culture, parks and recreation, airport, and certain utility services including water, wastewater, sanitation and golf.

**Blended Component Units:**

- **The City of Ardmore Public Works Authority** – that operates the water and sewer services of the City.
- **The Ardmore Solid Waste Authority** – that operates the sanitation services of the City.

**Discretely Presented Component Unit (excluded from the reporting entity):**

- **Ardmore Animal Care Authority** - operates for the benefit of the Ardmore Animal Shelter. The City subsidizes the operations of the animal care authority. The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.
- **Ardmore Regional Park Authority** - established for the development and operation of a regional park facility. The City provides significant funding of operations for the park authority.



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The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.

- **Hardy Murphy Coliseum Authority** - operates the activities of the Hardy Murphy Coliseum. The City provides significant funding for capital improvements and operations. The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.
- **Ardmore Tourism Authority** - established for the development of tourism in the Ardmore area. The City receives and transfers to this Authority a hotel/motel tax of 5 percent. The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.
- **Ardmore Development Authority** - established to promote industrial development in the Ardmore area. The City receives and transfers to this Authority a dedicated sales tax of ¼ percent. The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.
- **Ardmore Main Street Authority** - established to preserve and improve the historical value of the downtown Ardmore area. The component unit's financial activity is not included due to reporting on a different financial reporting framework than the City.

Discretely presented component units of the City issue separately audited Component Unit Financial Statements. Copies of those financial statements may be obtained from the City's accounting department.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Commission to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

## **B. Basis of Presentation and Accounting**

### *Government-Wide Financial Statements:*

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues within the Statement of Activities are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- Public Safety – Fire, Police, Animal Control, and Civil Emergency Management – fines and forfeitures, fire run charges, on behalf payments made by the state, and restricted operating and capital grants.
- Airport – rental fees and capital grants.

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- Streets – Commercial vehicle and gasoline excise tax shared by the State and other miscellaneous fees.
- Culture and recreation – lake fees, pool fees, library fees, recreation fees, operating and capital grants.
- Cemetery – cemetery revenues.
- General Government – licenses and permits, service fees, and restricted operating grants.
- Economic Development – rental income.
- Utilities – water, wastewater and sanitation.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

*Governmental Funds:*

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund:

- Community Enhancement Fund - accounts for a .50 cent sales tax to be used for police protection, fire safety, auditorium renovation, coliseum renovation, industrial growth, parks and recreation improvement and general government.
- Library Trust Fund – accounts for the activities of the bequests found in the wills of two Ardmore citizens.

Capital Project Funds:

- Street Improvement Fund – accounts for a .50 cent sales tax to be used for street improvements for the City of Ardmore.

Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

- GAPS Tax Schools Fund – accounts for a .25 cent sales tax to be used for the capital needs of Ardmore Schools and Plainview Schools.
- Street and Alley Fund - accounts for state shared gasoline excise and commercial vehicle taxes legally restricted for street and alley purposes.
- Library State Grant Fund – accounts for revenues received from the State to be used for library activities.
- Historical Grant Fund – accounts for grant revenues to be used for preservation, development, protection and maintenance of historical districts and structures.
- Pass Thru Grants Fund – accounts for activities of various pass thru or small grants.
- FAA Grant Fund – accounts for grant funds received from FAA for airport operations and capital projects.
- Mayor's Anti-Crime Fund – accounts for donations received from the Chickasaw Indian Nation to be used to combat crime and drug related crimes.

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- Homeland Security Grant Fund – accounts for grant revenues to be used for various homeland security activities.
- JAG LLEB Grant Fund – accounts for various grants to be used for law enforcement activities.
- ADA Industrial Fund – accounts for a .25 cent sales tax to be used for economic development activities to be administered by the Ardmore Development Authority.
- GAPS Tax City Fund – accounts for a .25 cent sales tax to be used for the construction and rehabilitation of City owned streets, facilities, water and wastewater infrastructure and police and fire capital needs.
- Convention Tourism Fund – accounts for hotel/motel tax revenues set aside for the Ardmore Tourism Authority to be used for purposes of a conference center.
- Tobacco Settlement Fund – accounts for the activities of a Healthy Communities Incentive grant.

Capital Project Funds:

- Hazard Mitigation Fund – accounts for grant monies received from FEMA for various projects.
- Fire Capital Fund – accounts for donations and fire surcharges to be used for fire capital purchases.
- Downtown Executive Airport Fund – accounts for hanger rent and airport grants to be used for maintenance of the airport and various airport capital projects.
- Capital Improvement Fund – accounts for dividends paid on oil well leases to be used for various capital projects.
- CDBG Fund – account for ODOC grant revenues to be used for various capital projects.
- Cemetery Care Fund – accounts for the transfer of 25% of revenue from cemetery lot sales and interment fees, which, with the exception of interest earnings, may only be used to purchase additional land and for major capital improvements to the cemetery. Interest earnings in the fund can be used for improving, caring for and embellishing lots, walks, drives, parks and other necessary improvements.
- Library Capital Improvement Fund – accounts for interest earned from investment of idle funds in various investments and any additional monies bequest to the library from citizens to be used for library capital improvements.
- Greenbriar Street Assessment Fund – accounts for activities of a special assessment district.
- Main Street Streetscape Fund – accounts for activities of a special assessment district.
- Timber Grove Street Assessment Fund – accounts for activities of a special assessment district.
- Champion Station Street Assessment Fund – accounts for activities of a special assessment district.
- Streetscape II Assessment Fund – accounts for activities of a special assessment district.
- Valley Ranch Road Assessment Fund – accounts for activities of a special assessment district.

Debt Service Funds:

- Debt Service Fund – accounts for ad-valorem taxes levied by the City for use in retiring court-assessed judgments and general obligation bonds and their related interest expense. In State Statutes this fund is referred to as the Sinking Fund.
- Ardmore Community Facilities Authority – accounts for the revenue bonds issued for the use of various capital projects at the Ardmore Schools.

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- TIF 2 Fund – accounts for the tax increment revenues used to pay debt service TIF revenue notes.

The governmental funds are reported on the modified accrual basis of accounting and current financial resources measurement focus. On the modified accrual basis of accounting, revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and normally payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

The General Fund, Community Enhancement Fund, Library Trust Fund and the Street Improvement Fund are considered major funds and therefore are displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column titled Other Governmental Funds.

*Proprietary Funds:*

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-type activities provided within the government. Proprietary funds are reported on the accrual basis of accounting and current financial resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

The City's enterprise funds include the following major funds:

Ardmore Solid Waste Authority:

- Sanitation Enterprise Fund – that operates the sanitation services.

Ardmore Public Works Authority:

- Wastewater Enterprise Fund – that operates the wastewater services.
- Water Enterprise Fund – that operates the water services.

The Lakeview Golf Course Fund and Golf Course Building Fund are considered non-major funds and are reported under a separate column entitled Other Enterprise Funds.

The City's internal service funds include the following:

- Garage Fund – that accounts for the activities of providing automotive and machinery maintenance and repair services to the City.
- Employee Benefit Fund – that accounts for the activities of providing payroll benefits to the employees of the City (health, dental and vision insurance coverage).

The proprietary funds are reported on the accrual basis of accounting and current financial resources measurement focus.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

### **C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### **Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the current financial resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

#### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

## **D. Assets, Liabilities, Deferred Inflows, and Equity**

### **Cash and Investments**

For the purposes of the statements of net position, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less. Revenue bond and promissory note trust account investments in open-ended mutual fund shares are also considered cash equivalents and are reported at the funds' current share prices.

The City has a written investment policy that limits its investment choices to the limitations stated in the *Oklahoma Statutes*. *Oklahoma Statutes* allow the City to invest in bonds of cities, school districts, or counties within the State of Oklahoma; public trust bonds whose beneficiary is a county, municipality or school district, except industrial development bonds; direct obligations of the United States; and certificates of deposit. Public trusts created under O.S. Title 60, are not subject to the above investment limitations and are primarily governed by any restrictions in their trust or note indenture and investment policy.

Investments consist of non-negotiable certificates of deposit whose original maturity term exceeds three months. These non-negotiable certificates of deposit are carried at cost. Marketable investments are carried at fair value.

### **Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and hotel/motel taxes. Business-type activities report utilities as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

### **Inventories**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

### **Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

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*Government-Wide Statements*

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings	50 years
- Building Improvements	20 years
- Public Domain Infrastructure	50 years
- System Infrastructure	30 years
- Vehicles	3-5 years
- Office and Computer Equipment	5 years
- Machinery and Equipment	10 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Restricted Assets**

Restricted assets include cash and investments of the proprietary funds that are legally restricted as to their use. The primary restricted assets are related to promissory note trustee accounts and utility meter deposits.

**Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists of notes payable, capital lease obligations payable, claims payable, other post-employment benefits and accrued compensated absences. This long-term debt is reported net of unamortized premiums and discounts.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

### **Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government buys back accumulations of over 720 hours at a discounted rate before the end of the fiscal year. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

### **Equity Classifications**

#### *Net Position:*

Net position is normally reported in the government-wide and proprietary fund financial statements are displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

#### *Fund Statements:*

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. **Nonspendable** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. **Restricted** – consists of fund balance with constraints place on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance. The City currently reports no committed fund balance.
- d. **Assigned** – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.



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e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Proprietary fund equity is classified the same as in the government-wide statements.

## **E. Revenues, Expenditures, and Expenses**

### **Sales Tax**

Sales and use tax revenue represents a 3.75 cents tax on each dollar of taxable sales which is recorded as revenue within the respective funds. Upon receipt, the sales tax is recorded as follows:

- 2 cents is recorded in the General Fund and then ¼ cent transferred to the Wastewater Enterprise Fund for construction and rehabilitation of wastewater infrastructure and ¼ cent transferred to the Water Enterprise Fund for construction and rehabilitation of water infrastructure.
- ½ cent recorded in the Street Improvement Fund for capital projects related to street improvements.
- ½ cent recorded in the Community Enhancement Fund for police and fire, auditorium and coliseum renovation, industrial growth, and parks and recreation.
- ¼ cent, while in effect, recorded in the General Fund and transferred to the the Ardmore Development Authority Fund for industrial development in the Ardmore area.
- ¼ cent recorded in the GAPS Tax Schools Fund for educational facilities and equipment.
- ¼ cent recorded in the GAPS Tax City Fund for construction and rehabilitation of streets, facilities, water and wastewater infrastructure, police and fire capital needs.

Sales tax resulting from sales occurring prior to year end and received by the City after year end have been accrued and is included under the caption *Due from Other Governments* because they represent taxes on sales occurring during the reporting period.

The ¼ cent for the Ardmore Development Authority Fund expired on September 30, 2013. However, the City failed to notify the Oklahoma Tax Commission this tax was expiring. Therefore, the City continued to receive these taxes from October 2013 thru December 2013 in error. The City deposited these taxes into a separate bank account and will issue sales tax refunds to any citizen that provides receipts over the next three years. At June 30, 2014, The City has recorded a sales tax payable in the amount of \$350,980.

### **Property Tax**

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. At the present time the City levies a property tax for court-assessed judgments.



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2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

*Government-Wide Financial Statements:*

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds, if any, is not eliminated in the Statement of Activities.

**G. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**2. Cash, Cash Equivalents, and Investments**

At June 30, 2014, the reporting entity held the following deposits and investments:

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**Primary Government:**

Type	Maturities	Credit Rating	Carrying Value
<b>Deposits:</b>			
Demand deposits			\$ 19,220,923
Cash on hand			1,700
Time deposit	8/5/2014		200,000
Time deposit	8/5/2014		200,000
Time deposit	8/5/2014		500,000
Time deposit	8/5/2014		250,000
Time deposit	8/5/2014		250,000
Time deposit	8/5/2014		250,000
Time deposit	8/5/2014		200,000
Time deposit	8/5/2014		200,000
Time deposit	10/7/2014		100,000
Time deposit	10/7/2014		300,000
Time deposit	10/7/2014		300,000
Time deposit	11/4/2014		300,000
Time deposit	11/4/2014		400,000
Time deposit	11/4/2014		400,000
Time deposit	11/4/2014		400,000
Time deposit	11/4/2014		300,000
Time deposit	11/4/2014		500,000
Time deposit	11/4/2014		300,000
			<u>24,822,623</u>
<b>Investments:</b>			
Trustee accounts money market fund		AAA	7,021,158
Mineral interests		N/A	146
FFCB U.S. Government Securities	Maturity (0-5 Yrs)	AA+	99,475
FFCB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	2,485,161
FHLB U.S. Government Securities	Maturity (5-10 Yrs)	AA+	1,626,086
FHLB U.S. Government Securities	Maturity (10 Yrs and up)	AA+	316,638
FHLB Deb U.S. Government Securities	Maturity (5-10 Yrs)	AA+	191,998
			<u>11,740,662</u>
<b>Total deposits and investments</b>			<u>\$ 36,563,285</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents			\$ 25,270,122
Investments			<u>11,293,163</u>
			<u>\$ 36,563,285</u>

*Custodial Credit Risk* – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

The City’s policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. At June 30, 2014 the City was not exposed to custodial credit risk.

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*Investment Interest Rate Risk* - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Investment Credit Risk* - The City's investment policy limits its investment choices to that of the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

*Concentration of Investment Credit Risk* - the City places no limit on the amount it may invest in any one issuer. Since the City has all investments in certificates of deposit, government securities, or money market accounts, there is no concentration of investment credit risk exposure.

*Restricted Cash and Investments* – The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of amounts restricted for utility deposits, debt service or construction purposes. The restricted assets as of June 30, 2014 are as follows:

	Current
	Cash and cash equivalents
Series 2011 Note Revenue Account	\$ 277,347
Series 2011 Note Construction Account	78,027
Series 2011 Cash Landmark Bank	69
Series 2014 Note Revenue Account	649,012
APWA Water Loan Account	21
Meter deposits	209,550
Total	\$ 1,214,026

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**3. Accounts and Notes Receivable**

Accounts Receivable - Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include police fines receivables.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Court fines	\$ 80,933	\$ (16,187)	\$ 64,746
Business-Type Activities:			
Utilities	\$ 1,889,904	\$ (452,899)	\$ 1,437,005

Notes Receivable – In a previous year, the City loaned money to the Ardmore Development Authority in the amount of \$600,000. The Authority repaid the loan in the current year.

The activity on the notes receivable at June 30, 2014 is as follows:

	Balance 7/1/2013	Additions	Deductions	Balance 6/30/2014
Governmental Activities:				
Ardmore Development Authority-TIF	\$ 600,000	\$ -	\$ (600,000)	\$ -
Total Governmental Activities, net	\$ 600,000	\$ -	\$ (600,000)	\$ -

**4. Capital Assets and Depreciation**

*Capital Assets:*

Capital assets consist of land, buildings, computers, furniture and fixtures, vehicles, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation.

For the year ended June 30, 2014, capital assets balances changed as follows:

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	Balance at July 1, 2013	Additions and Transfers	Disposals and Transfers	Balance at June 30, 2014
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,240,983	\$ 10,278	\$ -	\$ 4,251,261
Total capital assets not being depreciated	4,240,983	10,278	-	4,251,261
Other capital assets:				
Buildings	13,122,541	184,117	-	13,306,658
Computers	7,502,637	138,308	265,891	7,375,054
Furniture and fixtures	830,018	14,105	1,351	842,772
Vehicles	3,720,503	472,533	253,916	3,939,120
Machinery and equipment	4,336,821	505,813	95,602	4,747,032
Infrastructure	59,273,512	3,158,759	-	62,432,271
Total other capital assets at historical cost	88,786,032	4,473,635	616,760	92,642,907
Less accumulated depreciation for:				
Buildings	3,887,985	337,772	-	4,225,757
Computers	6,587,855	425,590	263,953	6,749,492
Furniture and fixtures	673,023	35,879	1,351	707,551
Vehicles	3,009,054	251,723	252,749	3,008,028
Machinery and equipment	3,118,299	285,171	73,252	3,330,218
Infrastructure	48,059,574	2,116,087	-	50,175,661
Total accumulated depreciation	65,335,790	3,452,222	591,305	68,196,707
Other capital assets, net	23,450,242	1,021,413	25,455	24,446,200
Governmental activities capital assets, net	\$ 27,691,225	\$ 1,031,691	\$ 25,455	\$ 28,697,461
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 502,495	\$ -	\$ -	\$ 502,495
Total capital assets not being depreciated	502,495	-	-	502,495
Other capital assets:				
Buildings	48,727,994	-	-	48,727,994
Computers	239,181	-	7,499	231,682
Furniture and fixtures	64,534	3,926	-	68,460
Vehicles	3,159,291	214,485	122,821	3,250,955
Machinery and equipment	4,203,801	959,305	240,766	4,922,340
Infrastructure	94,350,641	4,508,337	-	98,858,978
Total other capital assets at historical cost	150,745,442	5,686,053	371,086	156,060,409
Less accumulated depreciation for:				
Buildings	10,382,044	968,953	-	11,350,997
Computers	213,394	5,466	7,349	211,511
Furniture and fixtures	53,488	3,017	-	56,505
Vehicles	2,432,710	197,929	122,823	2,507,816
Machinery and equipment	3,070,045	276,143	238,732	3,107,456
Infrastructure	84,039,467	1,681,200	-	85,720,667
Total accumulated depreciation	100,191,148	3,132,708	368,904	102,954,952
Other capital assets, net	50,554,294	2,553,345	2,182	53,105,457
Business-type activities capital assets, net	\$ 51,056,789	\$ 2,553,345	\$ 2,182	\$ 53,607,952

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Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

General government	\$ 734,293
Public safety	258,729
Street	2,128,659
Culture and recreation	196,067
Cemetery	10,691
Airport	117,774
	<u>\$ 3,446,213</u>

Depreciation expense charged to business-type activities:

Water	\$ 1,810,222
Wastewater	1,048,095
Sanitation	226,508
Golf	47,883
	<u>\$ 3,132,708</u>

**5. Long-Term Debt and Debt Service Requirements**

For the year ended June 30, 2014, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due Within One Year
<b>Governmental Activities:</b>					
Capital lease obligations	\$ 708,639	\$ -	\$ 191,051	\$ 517,588	\$ 199,217
Revenue bonds payable	9,550,000	-	1,275,000	8,275,000	2,045,000
Claims payable	817,422	3,562,155	4,055,316	324,261	-
Accrued compensated absences	883,326	5,510	-	888,836	88,883
Other Post-Employment Benefits	1,129,334	267,461	-	1,396,795	-
Total Governmental Activities	<u>\$ 13,088,721</u>	<u>\$ 3,835,126</u>	<u>\$ 5,521,367</u>	<u>\$ 11,402,480</u>	<u>\$ 2,333,100</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 30,860,740	\$ 28,091,789	\$ 29,845,861	\$ 29,106,668	\$ 3,124,910
Capital lease obligations	95,010	-	95,010	-	-
Deposits subject to refund	201,054	76,580	68,084	209,550	41,910
Accrued compensated absences	226,370	17,203	-	243,573	24,357
Other Post-Employment Benefits	354,395	80,448	-	434,843	-
Total Business-Type Activities	<u>\$ 31,737,569</u>	<u>\$ 28,266,020</u>	<u>\$ 30,008,955</u>	<u>\$ 29,994,634</u>	<u>\$ 3,191,177</u>

**Reconciliation to Statement of Net Position:**

**Governmental Activities:**

Due within one year	\$ 2,333,100
Due in more than one year	9,069,380
Total Governmental Activities Long-Term Liabilities	<u>\$ 11,402,480</u>

**Business-Type Activities:**

Due within one year	\$ 3,191,177
Due in more than one year	26,803,457
Total Business-Type Activities Long-Term Liabilities	<u>\$ 29,994,634</u>



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*Governmental activities long-term debt:*

Governmental activities long-term debt payables from net revenues include the following:

Capital Lease Obligations:

\$1,723,000 lease obligation for with De Lage Landen Public Finance for the purchase of broadband wireless, payable in quarterly installments of \$55,450 with an annual interest rate of 5.09%, final payment due January 2017.	517,588
Total Capital Leases Payable	\$ 517,588
Current portion	\$ 199,217
Noncurrent portion	318,371
Total Capital Leases Payable	\$ 517,588

Revenue Bonds Payable:

2010A Series TIF Tax Exempt Revenue Note, original issue amount of \$6,960,000, dated May 27, 2010, issued by Ardmore Development Authority, secured by tax increment revenues, due in semi-annual principal installments each March and September ranging from \$230,000 to \$370,000, interest rate of 4.0%, final maturity March 1, 2025.	\$ 6,730,000
2005 Sales Tax Revenue Bonds, original issue amount of \$7,000,000, dated February 1, 2005, issued by Ardmore Community Facilities Authority, secured by a pledged of 71% of a 1/4 cent sales tax, due in annual principal installments each January ranging from \$210,000 to \$1,545,000, interest paid semi-annually with rates from 3.0% to 4.0%, final maturity January 1, 2015.	1,545,000
Total Revenue Bonds Payable	\$ 8,275,000
Current portion	\$ 2,045,000
Noncurrent portion	6,230,000
Total Revenue Bonds Payable	\$ 8,275,000

Claims Payable:

Current portion	-
Noncurrent portion	324,261
Total Claims Payable	\$ 324,261

Accrued Compensated Absences:

Current portion	88,883
Noncurrent portion	799,953
Total Accrued Compensated Absences	\$ 888,836

Other Post-Employment Benefits:

Current portion	-
Noncurrent portion	1,396,795
Total Other Post-Employment Benefits	\$ 1,396,795

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Business-type activities long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities include the following:

Notes Payable:

2012 CW SRF Note Payable to Oklahoma Water Resources Board dated November 19, 2012 original amount of \$8,697,000 with an annual interest rate of 1.7% due in semi-annual installments of principal and interest beginning September 15, 2015, final installment due March 15, 2035, payable from and secured by utility revenues. \$ 1,951,789

2014 Series Utility System and Sales Tax Revenue Note through Bancfirst dated January 30, 2014, original amount of \$26,140,000 with an annual interest rate of 2.30% due in semi-annual installments of principal and interest beginning April 1, 2014, final installment due April 1, 2023, payable from and secured by utility revenues and 1/2 cent sales tax. 25,015,000

2009 CW SRF Note Payable to Oklahoma Water Resources Board dated December 18, 2009, original amount of \$1,090,000 with an annual interest rate of 2.67% due in semi-annual installments of principal and interest beginning September 15, 2010, final installment due March 15, 2030, payable from and secured by utility revenues. 589,879

2011 Series Utility System and Sales Tax Revenue Note through Bancfirst dated October 25, 2011, original amount of \$4,640,000 with an annual interest rate of 1.85% due in semi-annual installments of principal and interest beginning April 1, 2012, final installment due October 1, 2016, payable from and secured by utility revenues and 1/2 cent sales tax. 1,550,000

Total Notes Payable \$ 29,106,668

Current portion \$ 3,124,910

Noncurrent portion 25,981,758

Total Notes Payable \$ 29,106,668

Deposits Subject to Refund:

Current portion 41,910

Noncurrent portion 167,640

Total Deposits Subject to Refund \$ 209,550

Accrued Compensated Absences:

Current portion 24,357

Noncurrent portion 219,216

Total Accrued Compensated Absences \$ 243,573

Other Post-Employment Benefits:

Current portion -

Noncurrent portion 434,843

Total Other Post-Employment Benefits \$ 434,843

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Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	Governmental Activities			
	Capital Lease Obligations		Revenue Bonds Payable	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 199,217	\$ 22,563	\$ 2,045,000	\$ 326,000
2016	209,552	12,228	520,000	244,000
2017	108,819	2,082	540,000	223,000
2018	-	-	560,000	201,200
2019	-	-	585,000	178,600
2020-2024	-	-	3,285,000	520,100
2025	-	-	740,000	22,200
Totals	\$ 517,588	\$ 36,873	\$ 8,275,000	\$ 1,715,100

<u>Year Ending June 30,</u>	Business Type Activities	
	Notes Payable	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 3,124,910	\$ 636,952
2016	3,042,420	578,736
2017	2,976,415	510,330
2018	2,959,152	442,529
2019	3,021,954	374,062
2020-2024	12,554,133	813,315
2025-2029	734,912	125,969
2030-2034	634,122	44,036
2035	58,650	688
Totals	\$ 29,106,668	\$ 3,526,617

Defeased Debt Outstanding:

The Ardmore Public Works Authority has defeased an outstanding debt issue by placing deposits in irrevocable trusts and escrow accounts for the purchase of U.S. government securities to pay the principal and interest on the defeased debt as they are due and payable. For financial reporting purposes, both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. At year-end, the remaining outstanding defeased bonds were as follows:

<u>Defeased Debt Outstanding:</u>	<u>Outstanding at June 30, 2014</u>
2007 Capital Lease Obligation to Siemens	
Total Defeased Debt Outstanding	<u>\$719,782</u>

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**6. Net Position and Fund Balances**

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	General Fund	Community Enhancement Fund	Library Trust Fund	Street Improvement Fund	Other Governmental Funds	TOTAL Governmental
Fund Balances:						
Restricted for:						
Community enhancement	\$ -	\$ 1,389,465	\$ -	\$ -	\$ -	\$ 1,389,465
Street improvements	-	-	-	1,890,762	-	1,890,762
Schools	-	-	-	-	181,849	181,849
Library grants	-	-	-	-	74,726	74,726
Grant programs	-	-	-	-	42,079	42,079
Public safety	-	-	-	-	26,008	26,008
Library	-	-	4,913,560	-	324,440	5,238,000
Cemetery	-	-	-	-	137,450	137,450
Economic development	-	-	-	-	2,461	2,461
Capital projects	-	-	-	-	340,898	340,898
Debt service	-	-	-	-	5,126,312	5,126,312
Sub-total Restricted	-	1,389,465	4,913,560	1,890,762	6,256,223	14,450,010
Assigned for:						
Capital asset replacement	207,573	-	-	-	-	207,573
Community enhancements	-	11,271	-	-	-	11,271
Street improvements	-	-	-	55,781	80,937	136,718
Streets and alleys	-	-	-	-	50,849	50,849
Library grants	-	-	-	-	1,173	1,173
Capital projects	-	-	-	-	975,533	975,533
Public safety capital projects	-	-	-	-	42,935	42,935
Airport	-	-	-	-	19,071	19,071
Debt service	-	-	-	-	966	966
Community facilities	-	-	-	-	2,171,132	2,171,132
Insurance recovery	46,217	-	-	-	-	46,217
Industrial development projects	194,142	-	-	-	-	194,142
Drug enforcement	10,939	-	-	-	-	10,939
Public safety	24,234	-	-	-	1,005	25,239
Reserve management	3,292,591	-	-	-	-	3,292,591
Grant programs	15,289	-	-	-	1,668	16,957
OHP building maintenance	32,250	-	-	-	-	32,250
Recreation	274,869	-	-	-	-	274,869
Library	62,399	-	-	-	8,080	70,479
Next year's budget	1,361,115	-	-	-	-	1,361,115
Sub-total Assigned	5,521,618	11,271	-	55,781	3,353,349	8,942,019
Unassigned (deficit):	1,795,633	-	-	-	(121,166)	1,674,467
<b>TOTAL FUND BALANCES</b>	<b>\$ 7,317,251</b>	<b>\$ 1,400,736</b>	<b>\$ 4,913,560</b>	<b>\$ 1,946,543</b>	<b>\$ 9,488,406</b>	<b>\$ 25,066,496</b>

**Deficit Prohibition**

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. At June 30, 2014, the City reported a fund balance deficit in the CDBG Fund in the amount of \$121,166.

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**7. Internal and Interfund Balances and Transfers**

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

*Transfers:*

Internal transfers between funds and activities for the year ended June 30, 2014 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>		
General Fund	Lakeview Golf Course	51,000	Operating transfer		
General Fund	Wastewater Enterprise Fund	1,381,328	Sales Tax transfer		
General Fund	Water Enterprise Fund	1,381,328	Sales Tax transfer		
General Fund	Tobacco Settlement Fund	8	Transfer revenues		
Community Enhancement Fund	General Fund	1,654,400	Operating transfer		
Street Improvement Fund	General Fund	450,000	Operating transfer		
Street Improvement Fund	Street and Alley Fund	283,915	Street Lighting/Sidewalk Program		
Reserve Management Fund	JAG LLEBG Fund	1,781	Transfer revenues		
Reserve Management Fund	Water Enterprise Fund	1,483,827	Debt payments		
GAPS Tax Schools	Ardmore Community Facilities Authority	972,660	Ardmore School portion of sales tax		
Street and Alley	General Fund-Commercial Sidewalk	8,944	Transfer for Commercial sidewalk program		
Street and Alley	General Fund-RSP	19,118	Operating transfer		
Pass-Thru Grants Fund	General Fund	683	Transfer revenues		
Mayor's Anti Crime	General Fund	141,667	Operating transfer for Police		
Capital Improvement	General Fund	250,000	Operating transfer/capital purchases		
LLEBG Fund	Mayor's Anti Crime Fund	32	Transfer revenues		
Streetscape II Assessment Fund	Street Improvement Fund	1,332	Transfer revenues		
Valley Ranch Road Assessment Fund	Water Enterprise Fund	25,000	Transfer revenues		
Sanitation Enterprise	General Fund	843,744	Operating transfer		
Wastewater Enterprise	General Fund	440,225	Operating transfer		
Wastewater Enterprise	Water Enterprise Fund	877,590	Debt payments		
Water Enterprise	General Fund	909,946	Operating transfer		
Water Enterprise	CDBG Fund	298,863	Grant matching funds		
Water Enterprise	Wastewater Enterprise Fund	11,700,757	Debt payments		
Water Enterprise	Wastewater Enterprise Fund	2,578,914	Capital asset purchases		
Wastewater Enterprise	Governmental Capital Assets	2,029	Governmental capital asset purchase		
Total		<u>\$ 25,759,091</u>			
<b>Reconciliation to Fund Financial Statements:</b>					
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>GW Capital Asset/Grant Purchases/Transfers</u>	<u>Internal Service Activity</u>	<u>Net Transfers</u>
Governmental Funds	\$ 6,277,318	\$ (8,107,023)	\$ (1,952,790)	\$ 11,028	\$ (3,771,467)
Proprietary Funds	19,479,744	(17,652,068)	1,954,819	(11,028)	3,771,467
Governmental Capital Assets	2,029	-	(2,029)	-	-
	<u>\$ 25,759,091</u>	<u>\$ (25,759,091)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Balances:*

Interfund receivable and payables at June 30, 2014 were comprised of the following:

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Due From	Due To	Amount	Nature of Balance
General Fund	Wastewater Enterprise Fund	181,849	Portion of sales tax accrual
General Fund	Water Enterprise Fund	181,849	Portion of sales tax accrual
General Fund	Employee Benefit Internal Service Fund	121,409	Portion of self-insurance claims payable
General Fund	Garage Cash Fund	19,060	Reimburse for deposit recorded incorrectly
Street Improvement Fund	Hazard Mitigation Fund	25,105	Reimburse expenses
Recreation Fund	Employee Benefit Internal Service Fund	667	Portion of self-insurance claims payable
Emergency Management Fund	Employee Benefit Internal Service Fund	5	Portion of self-insurance claims payable
Library Capital Improvement	Employee Benefit Internal Service Fund	346	Portion of self-insurance claims payable
Sanitation Enterprise Fund	Employee Benefit Internal Service Fund	7,151	Portion of self-insurance claims payable
Wastewater Enterprise Fund	Employee Benefit Internal Service Fund	15,824	Portion of self-insurance claims payable
Wastewater Enterprise Fund	Reserve Management Fund	600,000	Reimburse for deposit recorded incorrectly
Water Enterprise Fund	Employee Benefit Internal Service Fund	11,624	Portion of self-insurance claims payable
Water Enterprise Fund	Parks Cash Fund	34,235	Reimburse for deposit recorded incorrectly
Water Enterprise Fund	Street Improvement Fund	198,084	Reimburse expenses
Garage Cash Fund	Employee Benefit Internal Service Fund	6,211	Portion of self-insurance claims payable
Total		<u>\$ 1,403,419</u>	

**Reconciliation to Fund Financial Statements:**

	Due From	Due To	Internal Service Fund Activity	Net Internal Balances
Governmental Funds	\$ 857,424	\$ (530,290)	\$ 176,086	\$ 503,220
Proprietary Funds	363,698	(866,918)	-	(503,220)
Internal Service Funds	182,297	(6,211)	(176,086)	-
Total	<u>\$ 1,403,419</u>	<u>\$ (1,403,419)</u>	<u>\$ -</u>	<u>\$ -</u>

**8. Pledge of Future Revenues**

*Sales Tax and Utility Net Revenues Pledge* – The City has pledged ½ cents of future sales tax revenues and net water and wastewater utility revenues to repay the following notes payable: \$1,090,000 of 2009 OWRB Notes Payable, \$4,640,000 of 2011 Series Utility System and Sales Tax Revenue Notes, \$1,951,789 of 2012 OWRB Notes Payable, and \$26,140,000 of 2014 Series Utility System and Sales Tax Revenue Notes. Proceeds from the bonds provided for the purchase or construction of water and utility systems. The notes are payable from pledged sales tax and net water and sewer utility revenues through 2030, 2016, 2034, and 2023 respectively. The total principal and interest payable for the remainder of the life of these notes is \$32,633,285. Pledged net water and sewer utility revenues in the current fiscal year were \$5,914,555. Maximum annual debt service on all parity debt totaled \$4,498,709 which was 131% of total pledged revenues for these notes.

Gross Revenue Available for Debt Service:	
Charges for services	\$8,897,868
Sales tax pledged (1/2 cents)	2,762,656
Total Gross Revenues Available	<u>11,660,524</u>
Operating Expenses:	
Operations	5,745,969
Total Operating Expenses	<u>5,745,969</u>
Net Revenues Available for Debt Service	<u>\$5,914,555</u>
Debt Service Requirements:	
Maximum annual debt service on all APWA parity debt	<u>\$4,498,709</u>
Computed Coverage	<u>131%</u>
Coverage Requirement	<u>125%</u>

The above gross revenue and operating expenses include only water and sewer operations of the Ardmore Public Works Authority, excluding depreciation and amortization.

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**9. Risk Management**

The City is exposed to various risks of loss (torts, theft of, damage to, or destruction of assets, business interruptions, errors and omissions, job-related illnesses or injuries to employees, and acts of God) and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

*General Liability, Physical Property and Automobile Liability/ Physical Damage* – general liability, physical property and automobile liability/physical damage are insured through the Oklahoma Municipal Assurance Group risk entity pool. Deductibles range from \$0 to \$5,000. Risk of loss retained is limited to the excess of insurance liability coverage limits set by OMAG.

*Internal Service*

The City's risk management activities are recorded in the Internal Service Funds. The purpose of the fund is to administer employee life and health insurance programs of the City on a cost-reimbursement basis. This fund accounts for the risk financing of the City but does not constitute a transfer of risk from the City. The City maintains a stop-loss policy for the indemnity health plan to limit risk associated with that plan. The City records an estimated liability for indemnity health care. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and estimate for claims incurred but not reported based on historical experience.

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The following represents the changes in approximate aggregate health care liabilities for the City from July 1, 2011, to June 30, 2014:

	Employee Health
Claims liability, July 1, 2011	\$ 201,472
Claims incurred and changes in estimates	3,258,479
Claims paid	(2,450,810)
Claims liability, July 1, 2012	1,009,141
Claims incurred and changes in estimates	5,151,695
Claims paid	(5,343,414)
Claims liability, June 30, 2013	817,422
Claims incurred and changes in estimates	3,562,155
Claims paid	(4,872,738)
Claims liability, June 30, 2014	324,261
Assets available to pay claims at June 30, 2014	\$1,568,884

## **10. Commitments and Contingencies**

### *Litigation:*

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

### *Federal and State Award Programs:*

The City of Ardmore participates in various federal or state grant/loan programs from year to year. In 2014, the City's involvement in federal and state award programs was material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

## **11. Pension Plan Participation**

The City of Ardmore participates in three pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan.
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan.
- Oklahoma Municipal Retirement Fund – an agent multiple-employer defined benefit plan.

### *Firefighters' Plan:*

Pursuant to the requirements of Title 11, section 49-100, the City of Ardmore participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighters Pension Board on behalf of both paid and volunteer firefighters. The paid firefighter contributes 9% to the plan. The City is required by state law to contribute 14% per year per paid firefighter to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

A copy of the Firefighters Statewide Pension Plan financial statements can be obtained from the Oklahoma Firefighters Pension System, 4545 Lincoln Blvd. Suite 263, Oklahoma City, OK, 73105-3707.



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*Police Plan:*

Pursuant to the requirements of Title 11, section 50-102, the City of Ardmore participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). The paid police person contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid police person to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63<sup>rd</sup> Street, Oklahoma City, OK, 73116-7335.

*Summary of Contributions – Cost Sharing Plans:*

<u>Oklahoma Police Pension and Retirement System</u>			<u>Oklahoma Firefighter's Pension and Retirement System</u>		
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$ 277,843	100%	2012	\$ 226,976	100%
2013	\$ 305,200	100%	2013	\$ 225,538	100%
2014	\$ 308,922	100%	2014	\$ 250,994	100%

The state made on-behalf payments of \$284,647 for the police pension system and \$552,608 for the fire pension during the current fiscal year.

*Employee Plan:*

The City provides a pension benefit for all of its full-time employees with the exception of the police and fire departments, through the Oklahoma Municipal Retirement Fund (OMRF).

A. Plan Description

Effective May 2004, the City began contributing to the City of Ardmore Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan. Administration of the City's individual plan rests with the City Commission. The overall operations of OMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. JPMorgan Chase Bank of Oklahoma City acts as administrator and securities custodian. OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 1200 N.W. 63<sup>rd</sup>, 4<sup>th</sup> Floor, Oklahoma City, Oklahoma 73116.

B. Eligibility Factors, Contribution Methods and Benefit Provisions

Provision

OMRF Plan

a. Eligible to Participate

Full-time, non-uniformed employees of the City or Authority upon hire if less than age 60.

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- b. Contribution Requirements:
- Authorization By City ordinance
  - Actuarially Determined Yes
  - Employer Rate 12.69% of covered payroll
  - Employee Rate 6.0% of covered payroll
- c. Period Required to Vest 5 years of credited service; July 2011-new hires 7 years of credited service.
- d. Eligibility for Distribution
- Normal retirement at age 65 with 5 years of service
  - Early retirement at age 55 with 5 years of service
  - Disability retirement upon disability with 5 years of service
  - 50% death benefit with 5 years of service for married employees
- e. Benefit Determination Base Final average salary – the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
- f. Benefit Determination Methods:
- Normal Retirement 3.0% of final average salary multiplied by credited years of service
  - Early Retirement Actuarially reduced benefit based upon age and years of service at termination
  - Disability Retirement Benefit computed as for normal retirement based upon age and service at termination
  - Death Benefit 50% of employee’s accrued benefit, but terminates upon spouse re-marriage
  - Prior to 5 Years Service Return of employee contributions with accrued interest
- g. Form of Benefit Payments Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

**C. Annual Pension Costs**

**1. Current Year Contribution Information**

For the year ended June 30, 2014, the City’s annual pension cost and required contributions of \$1,130,840 were made.

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2. Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2014
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments	7.5%
c. Projected Salary Increase	Rates by age
d. Post Retirement cost-of-Living Increase	None
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase
f. Amortization Method of Unfunded Actuarial Accrued Liability	Level percentage of projected payroll
g. Remaining Amortization Period	None
h. Asset Valuation Method	Actuarial method

D. Funded Status and Funding Progress

As of January 1, 2014, the funded status of the OMRF defined benefit plan is as follows:

Actuarial accrued liability (AAL)	\$20,955,562
Actuarial value of plan assets	<u>19,826,517</u>
Overfunded (Unfunded) actuarial accrued liability (UAAL)	(\$1,129,045)
Funded ratio (actuarial value of plan assets/AAL)	95%
Annual covered payroll (active plan members)	\$7,560,145
UAAL as a percentage of covered payroll	14.93%

Period Ended	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 1,476,381	100%	-
June 30, 2013	\$ 1,263,986	100%	-
June 30, 2014	\$ 1,130,840	100%	-

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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**E. City Manager Retirement Plan**

The City of Ardmore participates in the Oklahoma Municipal Retirement Funds City Manager Retirement Plan. However, the City Manager is not required to contribute. For the year ended June 30, 2014, the City Manager has elected not to participate in this plan.

**F. ICMA 457 Plan**

The ICMA 457 Plan is a voluntary retirement plan City employees can participate in. The City is not required to match funds contributed to the plan. The City contributes to the 457 Plan for certain members of the executive staff. The employees are not required to contribute to the plan. Contribution amounts vary by employee, no set percentage is required.

The City's contributions for the year ended June 30, 2014 were \$119,617.

**G. Annual OPEB Cost and Net OPEB Obligation.**

*Plan Description:* The City of Ardmore Postretirement Medical Plan is a single employer defined benefit healthcare plan administered by the City of Ardmore. The Plan provides medical, dental and prescription drug benefits to eligible retirees and their dependents who elect to make the required contributions. The contribution requirements of the City and plan members are established and may be amended by the City Commission. These contributions are neither guaranteed nor mandatory. The City has retained the right to unilaterally modify its payments toward retiree health care benefits. Retirees receiving benefits contribute a percentage of the monthly insurance premium.

*Funding Policy.* The contribution requirements of plan members and the City of Ardmore are established and may be amended by the Board or Commissioners of City of Ardmore. The required contribution is based on projected pay-as-you-go financing requirements.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2014:

Annual required contribution	\$ 480,316
Interest on net OPEB obligation	62,746
Amortization of NOO	(103,395)
Annual OPEB cost (expense)	439,667
Contributions made	(91,758)
Increase in net OPEB obligation	347,909
Net OPEB obligation—beginning of year	1,483,729
Net OPEB obligation—end of year	\$ 1,831,638

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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net unfunded OPEB obligation for 2014 was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Unfunded OPEB Obligation</u>
6/30/10	\$541,101	33.43%	\$360,229
6/30/11	\$557,311	33.17%	\$726,110
6/30/12	\$528,305	30.30%	\$1,104,919
6/30/13	\$528,305	28.29%	\$1,483,729
6/30/14	\$439,667	20.87%	\$1,831,638

*Funded Status and Funding Progress.* As of July 1, 2013, the most recent actuarial valuation date, the plan is funded on the pay-as-you-go basis, resulting in no plan assets. The actuarial accrued liability for benefits was \$3,424,419, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,424,419. The covered payroll (annual payroll of active employees covered by the plan) was \$11.9 million, and the ratio of the UAAL to the covered payroll was 29 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.35 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.35 percent initially, reduced by decrements to an ultimate rate of 4.87 percent in 2060, based upon dependent rates. There were no assets to determine the actuarial value of assets. The UAAL is being amortized over 30 years as level payments. The remaining amortization period at June 30, 2014, was twenty-six years.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2014**

<b>GENERAL FUND</b>				
<b>Budget and Actual (with Variances) - Budgetary Basis</b>				
<b>Year Ended June 30, 2014</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts,</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 10,209,850	\$ 10,209,850	\$ 10,393,784	\$ 183,934
Licenses and permits	123,050	123,050	209,473	86,423
Intergovernmental	380,000	380,000	345,980	(34,020)
Charges for services	190,000	190,000	146,041	(43,959)
Fines and Forfeitures	212,300	212,300	163,843	(48,457)
Investment earnings	15,000	15,000	4,949	(10,051)
Miscellaneous	222,000	222,000	320,626	98,626
Total revenues	<u>11,352,200</u>	<u>11,352,200</u>	<u>11,584,696</u>	<u>232,496</u>
<b>EXPENDITURES</b>				
Department:				
<i>General Government:</i>				
Legislative	215,647	219,847	219,753	94
Municipal court	75,362	78,912	78,863	49
City manager	326,954	326,954	321,281	5,673
Human resources	329,172	329,172	315,282	13,890
Information tech	825,591	829,991	829,827	164
Legal	219,597	219,797	219,786	11
Finance	558,104	558,104	526,747	31,357
Purchasing	145,429	145,429	139,192	6,237
Engineering	443,950	443,950	423,962	19,988
Development services	557,633	557,633	547,907	9,726
GIS	95,447	97,147	97,105	42
Technical services	714,554	714,554	686,094	28,460
Pension benefits & insurance	935,540	935,540	825,099	110,441
Total General Government	<u>5,442,980</u>	<u>5,457,030</u>	<u>5,230,898</u>	<u>226,132</u>
<i>Public Safety:</i>				
Fire	2,987,477	2,987,477	2,848,337	139,140
Police	4,728,621	4,647,771	4,229,750	418,021
Police jail	135,000	135,000	133,524	1,476
Animal Control	143,934	143,934	125,464	18,470
Forensic lab	117,910	128,910	128,474	436
Emergency dispatch	626,759	626,759	598,402	28,357
Total Public Safety	<u>8,739,701</u>	<u>8,669,851</u>	<u>8,063,951</u>	<u>605,900</u>
<i>Street:</i>				
Street maintenance	1,197,441	1,197,441	993,063	204,378
Total Street	<u>1,197,441</u>	<u>1,197,441</u>	<u>993,063</u>	<u>204,378</u>
<i>Culture and Recreation:</i>				
Community center	244,691	244,691	186,259	58,432
Community pool	109,929	114,729	114,647	82
Parks & recreation	1,066,779	1,066,779	1,055,457	11,322
R.O.W. maintenance	446,008	446,008	390,188	55,820
Library	828,664	828,664	761,959	66,705
Total Culture and Recreation	<u>2,696,071</u>	<u>2,700,871</u>	<u>2,508,510</u>	<u>192,361</u>
<i>Cemetery:</i>				
Cemetery	324,779	324,779	295,378	29,401
Total Cemetery	<u>324,779</u>	<u>324,779</u>	<u>295,378</u>	<u>29,401</u>
Total Expenditures	<u>18,400,972</u>	<u>18,349,972</u>	<u>17,091,800</u>	<u>1,258,172</u>
Excess (deficiency) of revenues over expenditures	<u>(7,048,772)</u>	<u>(6,997,772)</u>	<u>(5,507,104)</u>	<u>1,490,668</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,658,315	5,658,315	5,612,447	(45,868)
Transfers out	(387,500)	(438,500)	(377,508)	60,992
Total other financing sources and uses	<u>5,270,815</u>	<u>5,219,815</u>	<u>5,234,939</u>	<u>15,124</u>
Net change in fund balances	(1,777,957)	(1,777,957)	(272,165)	1,505,792
Fund balances - beginning	2,743,029	2,743,029	3,576,745	833,716
Fund balances - ending	<u>\$ 965,072</u>	<u>\$ 965,072</u>	<u>\$ 3,304,580</u>	<u>\$ 2,339,508</u>

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**COMMUNITY ENHANCEMENT FUND**  
**Budget and Actual (with Variances) - Budgetary Basis**  
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	<b>REVENUES</b>			
Taxes	\$ 2,754,000	\$ 2,754,000	\$ 2,739,887	\$ (14,113)
Investment earnings	3,000	3,000	1,576	(1,424)
Total revenues	<u>2,757,000</u>	<u>2,757,000</u>	<u>2,741,463</u>	<u>(15,537)</u>
<b>EXPENDITURES</b>				
Departmental:				
General government	818,200	904,700	904,496	204
<i>Total General government</i>	<u>818,200</u>	<u>904,700</u>	<u>904,496</u>	<u>204</u>
Total Expenditures	818,200	904,700	904,496	204
Excess (deficiency) of revenues over expenditures	<u>1,938,800</u>	<u>1,852,300</u>	<u>1,836,967</u>	<u>(15,333)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,654,400)	(1,654,400)	(1,654,400)	-
Total other financing sources and uses	<u>(1,654,400)</u>	<u>(1,654,400)</u>	<u>(1,654,400)</u>	<u>-</u>
Net change in fund balances	284,400	197,900	182,567	(15,333)
Fund balances - beginning	843,538	843,538	1,304,402	460,864
Fund balances - ending	<u>\$ 1,127,938</u>	<u>\$ 1,041,438</u>	<u>\$ 1,486,969</u>	<u>\$ 445,531</u>

**LIBRARY TRUST FUND**  
**Budget and Actual (with Variances) - Budgetary Basis**  
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	<b>REVENUES</b>			
Investment earnings	\$ 92,000	\$ 92,000	\$ 174,711	\$ 82,711
Miscellaneous	315,000	315,000	233,128	(81,872)
Total revenues	<u>407,000</u>	<u>407,000</u>	<u>407,839</u>	<u>839</u>
<b>EXPENDITURES</b>				
Departmental:				
Culture and recreation	17,652	17,652	14,286	3,366
<i>Total Culture and recreation</i>	<u>17,652</u>	<u>17,652</u>	<u>14,286</u>	<u>3,366</u>
Total Expenditures	17,652	17,652	14,286	3,366
Excess (deficiency) of revenues over expenditures	<u>389,348</u>	<u>389,348</u>	<u>393,553</u>	<u>4,205</u>
Net change in fund balances	389,348	389,348	393,553	4,205
Fund balances - beginning	4,756,458	4,756,458	4,520,006	(236,452)
Fund balances - ending	<u>\$ 5,145,806</u>	<u>\$ 5,145,806</u>	<u>\$ 4,913,559</u>	<u>\$ (232,247)</u>



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**Footnotes to Budgetary Comparison Schedules:**

1. The City prepares its budgets for all funds on the modified accrual basis of accounting with the exception of payroll accruals and certain expenditures related to on-behalf payments for police and fire and sales tax revenue transfers. For budgetary purposes, expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Commission. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund	Community Enhancement Fund	Library Trust Fund
Total revenue - budgetary basis	\$ 17,197,143	\$ 2,741,463	\$ 407,839
Total expenses - budgetary basis	(17,469,308)	(2,558,896)	(14,286)
Change in fund balance - budgetary basis	(272,165)	182,567	393,553
Revenue accruals	(196,651)	22,767	-
Expenditure accruals	52,986	(109,000)	1
Change in fund balance - GAAP basis	\$ (415,830)	\$ 96,334	\$ 393,554

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**Schedule of Pension Plan Funding Progress – OMRF Defined Benefit Plan**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) -- Entry Age</u>	<u>Unfunded Liability AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
1/1/05	\$3,005,892	\$3,986,858	\$980,965	75.4%	\$5,798,942	16.9%
1/1/06	\$4,079,324	\$4,918,406	\$839,082	82.9%	\$5,975,213	14.0%
1/1/07	\$5,417,663	\$6,212,718	\$795,055	87.2%	\$6,434,428	12.4%
1/1/08	\$6,971,159	\$10,503,727	\$3,532,568	66.4%	\$7,032,998	50.2%
1/1/09	\$8,440,628	\$12,499,353	\$4,058,725	67.5%	\$7,274,284	55.8%
1/1/10	\$10,264,324	\$15,209,309	\$4,944,985	67.5%	\$7,343,669	67.1%
1/1/11	\$12,484,073	\$17,589,213	\$5,105,140	71.0%	\$7,526,857	67.8%
1/1/12	\$14,624,030	\$17,781,946	\$3,157,916	82.2%	\$7,116,155	44.4%
1/1/13	\$16,957,821	\$18,265,454	\$1,307,633	92.8%	\$7,393,751	17.7%
1/1/14	\$19,826,517	\$20,955,562	\$1,129,045	94.6%	\$7,560,145	14.9%

**Schedule of Funding Progress – OPEB Liability**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) -- PUC Method</u>	<u>Unfunded Liability AAL</u>	<u>Funded Ratio</u>	<u>(est) Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
7/1/09	\$0	\$3,745,587	\$3,745,587	0%	\$7,218,000	52%
7/1/10	\$0	\$4,044,420	\$4,044,420	0%	\$8,999,000	45%
7/1/11	\$0	\$4,099,507	\$4,099,507	0%	\$10,780,000	38%
7/1/12	\$0	\$4,869,519	\$4,869,519	0%	\$11,386,000	43%
7/1/13	\$0	\$3,424,419	\$3,424,419	0%	\$11,992,000	29%

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**OTHER SUPPLEMENTARY INFORMATION**

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**Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2014**

	<u>General Fund</u>	<u>C.A.R.R. Account</u>	<u>Emergency Management Account</u>	<u>Insurance Recovery Account</u>	<u>Commercial Sidewalk Account</u>	<u>Drug Enforcement Account</u>	<u>A.L.E.R.T. Account</u>	<u>City Lakes Account</u>	<u>E.C. Hall Doll Account</u>	<u>Hester K. Horn Account</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 2,534,715	\$ 207,573	\$ 1,865	\$ 125,895	\$ -	\$ 10,891	\$ 3,878	\$ 4,220	\$ 647	\$ 81
Investments	671,492	-	-	-	-	-	-	-	-	-
Receivable from other governments	1,695,905	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Court fines receivable, net	64,746	-	-	-	-	-	-	-	-	-
Other receivables	2,953	-	7,532	-	-	48	-	-	-	-
Total assets	<u>\$ 4,969,811</u>	<u>\$ 207,573</u>	<u>\$ 9,397</u>	<u>\$ 125,895</u>	<u>\$ -</u>	<u>\$ 10,939</u>	<u>\$ 3,878</u>	<u>\$ 4,220</u>	<u>\$ 647</u>	<u>\$ 81</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and accrued liabilities	\$ 896,521	\$ -	\$ 4,452	\$ 79,678	\$ -	\$ -	\$ -	\$ 1,320	\$ -	\$ -
Due to other funds	504,167	-	5	-	-	-	-	-	-	-
Due to bondholders	2,850	-	-	-	-	-	-	-	-	-
Other payables	377,018	-	-	-	-	-	-	-	-	-
Total liabilities	<u>1,780,556</u>	<u>-</u>	<u>4,457</u>	<u>79,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,320</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:										
Deferred revenue	28,340	-	-	-	-	-	-	-	-	-
Fund balances:										
Assigned	1,361,115	207,573	4,940	46,217	-	10,939	3,878	2,900	647	81
Unassigned (deficit)	1,799,800	-	-	-	-	-	-	-	-	-
Total fund balances	<u>3,160,915</u>	<u>207,573</u>	<u>4,940</u>	<u>46,217</u>	<u>-</u>	<u>10,939</u>	<u>3,878</u>	<u>2,900</u>	<u>647</u>	<u>81</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,969,811</u>	<u>\$ 207,573</u>	<u>\$ 9,397</u>	<u>\$ 125,895</u>	<u>\$ -</u>	<u>\$ 10,939</u>	<u>\$ 3,878</u>	<u>\$ 4,220</u>	<u>\$ 647</u>	<u>\$ 81</u>

(Continued)

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**Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2014, (Continued)**

	<u>OHP Account</u>	<u>Recreation Account</u>	<u>Library Cash Account</u>	<u>Reserve Management Account</u>	<u>Emergency 911 Account</u>	<u>Car Seat Grant Account</u>	<u>Parks Cash Account</u>	<u>R.S.P. Account</u>	<u>Revolving Loan-ADA Account</u>	<u>Total General Fund Accounts</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 33,893	\$ 5,304	\$ 61,671	\$ 1,646,165	\$ 1,747	\$ 10,482	\$ 239,389	\$ -	\$ 194,142	\$ 5,082,558
Investments	-	-	-	800,000	-	-	-	-	-	1,471,492
Receivable from other governments	-	-	-	261,617	-	-	-	-	-	1,957,522
Due from other funds	-	-	-	600,000	-	-	34,235	-	-	634,235
Court fines receivable, net	-	-	-	-	-	-	-	-	-	64,746
Other receivables	-	-	-	-	18,609	-	-	-	-	29,142
Total assets	<u>\$ 33,893</u>	<u>\$ 5,304</u>	<u>\$ 61,671</u>	<u>\$ 3,307,782</u>	<u>\$ 20,356</u>	<u>\$ 10,482</u>	<u>\$ 273,624</u>	<u>\$ -</u>	<u>\$ 194,142</u>	<u>\$ 9,239,695</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and accrued liabilities	\$ 1,643	\$ 8,804	\$ -	\$ 15,191	\$ -	\$ 133	\$ 1,655	\$ -	\$ -	\$ 1,009,397
Due to other funds	-	667	-	-	-	-	-	-	-	504,839
Due to bondholders	-	-	-	-	-	-	-	-	-	2,850
Other payables	-	-	-	-	-	-	-	-	-	377,018
Total liabilities	<u>1,643</u>	<u>9,471</u>	<u>-</u>	<u>15,191</u>	<u>-</u>	<u>133</u>	<u>1,655</u>	<u>-</u>	<u>-</u>	<u>1,894,104</u>
Deferred Inflows of Resources:										
Deferred revenue	-	-	-	-	-	-	-	-	-	28,340
Fund balances:										
Assigned	32,250	-	61,671	3,292,591	20,356	10,349	271,969	-	194,142	5,521,618
Unassigned (deficit)	-	(4,167)	-	-	-	-	-	-	-	1,795,633
Total fund balances	<u>32,250</u>	<u>(4,167)</u>	<u>61,671</u>	<u>3,292,591</u>	<u>20,356</u>	<u>10,349</u>	<u>271,969</u>	<u>-</u>	<u>194,142</u>	<u>7,317,251</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 33,893</u>	<u>\$ 5,304</u>	<u>\$ 61,671</u>	<u>\$ 3,307,782</u>	<u>\$ 20,356</u>	<u>\$ 10,482</u>	<u>\$ 273,624</u>	<u>\$ -</u>	<u>\$ 194,142</u>	<u>\$ 9,239,695</u>

**CITY OF ARDMORE, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2014**

	<u>General Fund</u>	<u>C.A.R.R. Account</u>	<u>Emergency Management Account</u>	<u>Insurance Recovery Account</u>	<u>Commercial Sidewalk Account</u>	<u>Drug Enforcement Account</u>	<u>A.L.E.R.T. Account</u>	<u>City Lakes Account</u>	<u>E.C. Hall Doll Account</u>	<u>Hester K. Horn Account</u>
<b>REVENUES</b>										
Taxes	\$ 12,895,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,183,329	-	30,126	-	-	-	-	-	-	-
Licenses and permits	209,473	-	-	-	-	-	-	18,190	-	-
Charges for services	146,041	-	-	-	-	-	-	-	-	-
Fines and forfeitures	174,850	-	-	-	-	-	-	-	-	-
Investment earnings	54,433	323	4	169	-	17	6	3	2	-
Miscellaneous	287,097	-	-	144,504	-	6,122	-	616	-	-
Total revenues	<u>14,950,632</u>	<u>323</u>	<u>30,130</u>	<u>144,673</u>	<u>-</u>	<u>6,139</u>	<u>6</u>	<u>18,809</u>	<u>2</u>	<u>-</u>
<b>EXPENDITURES</b>										
Current:										
General government	4,909,689	-	-	25,036	-	-	-	-	14	-
Public safety	8,963,477	-	81,822	-	-	9,616	-	-	-	-
Street	1,087,469	-	-	-	8,944	-	-	-	-	-
Culture and recreation	2,419,463	-	-	-	-	-	-	25,271	-	-
Cemetery	290,426	-	-	-	-	-	-	-	-	-
Capital outlay	407,545	-	-	132,791	-	-	-	-	-	-
Total expenditures	<u>18,078,069</u>	<u>-</u>	<u>81,822</u>	<u>157,827</u>	<u>8,944</u>	<u>9,616</u>	<u>-</u>	<u>25,271</u>	<u>14</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(3,127,437)</u>	<u>323</u>	<u>(51,692)</u>	<u>(13,154)</u>	<u>(8,944)</u>	<u>(3,477)</u>	<u>6</u>	<u>(6,462)</u>	<u>(12)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from sale of capital assets	37,324	-	-	-	-	-	-	-	-	-
Interaccount transfer in	921,782	-	50,000	-	-	-	-	8,500	-	-
Interaccount transfer out	(124,500)	-	-	-	-	-	-	-	-	-
Transfers in	4,690,665	-	-	-	8,944	-	-	-	-	-
Transfers out	(2,813,664)	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>2,711,607</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>8,944</u>	<u>-</u>	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(415,830)	323	(1,692)	(13,154)	-	(3,477)	6	2,038	(12)	-
Fund balances (deficit) - beginning	3,576,745	207,250	6,632	59,371	-	14,416	3,872	862	659	81
Fund balances - ending	<u>\$ 3,160,915</u>	<u>\$ 207,573</u>	<u>\$ 4,940</u>	<u>\$ 46,217</u>	<u>\$ -</u>	<u>\$ 10,939</u>	<u>\$ 3,878</u>	<u>\$ 2,900</u>	<u>\$ 647</u>	<u>\$ 81</u>

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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2014,**  
**(Continued)**

	<u>OHP</u>	<u>Recreation</u>	<u>Library Cash</u>	<u>Reserve</u>	<u>Emergency</u>	<u>Car Seat</u>	<u>Parks Cash</u>	<u>R.S.P.</u>	<u>Revolving</u>	<u>Total General</u>
	<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>Management</u>	<u>911 Account</u>	<u>Grant</u>	<u>Account</u>	<u>Account</u>	<u>Loan-ADA</u>	<u>Fund Accounts</u>
				<u>Account</u>		<u>Account</u>			<u>Account</u>	
<b>REVENUES</b>										
Taxes	\$ -	\$ -	\$ -	\$ 1,926,507	\$ 222,787	\$ -	\$ -	\$ -	\$ -	\$ 15,044,703
Intergovernmental	-	-	-	-	-	-	-	-	-	1,213,455
Licenses and permits	-	-	-	-	-	-	-	-	-	227,663
Charges for services	-	-	9,255	-	-	-	-	-	-	155,296
Fines and forfeitures	-	-	-	-	-	-	-	-	-	174,850
Investment earnings	50	4	-	2,806	1	-	357	-	303	58,478
Miscellaneous	7,200	71,735	8,702	600,000	-	1,025	104,873	-	-	1,231,874
Total revenues	<u>7,250</u>	<u>71,739</u>	<u>17,957</u>	<u>2,529,313</u>	<u>222,788</u>	<u>1,025</u>	<u>105,230</u>	<u>-</u>	<u>303</u>	<u>18,106,319</u>
<b>EXPENDITURES</b>										
Current:										
General government	-	-	-	50,949	-	4,514	-	-	-	4,990,202
Public safety	3,580	-	-	-	-	-	-	-	-	9,058,495
Street	-	-	-	-	-	-	-	19,118	-	1,115,531
Culture and recreation	-	134,466	18,273	-	-	-	39,912	-	-	2,637,385
Cemetery	-	-	-	-	-	-	-	-	-	290,426
Capital outlay	-	5,818	156	181,140	-	-	29,864	-	-	757,314
Total expenditures	<u>3,580</u>	<u>140,284</u>	<u>18,429</u>	<u>232,089</u>	<u>-</u>	<u>4,514</u>	<u>69,776</u>	<u>19,118</u>	<u>-</u>	<u>18,849,353</u>
Excess (deficiency) of revenues over expenditures	<u>3,670</u>	<u>(68,545)</u>	<u>(472)</u>	<u>2,297,224</u>	<u>222,788</u>	<u>(3,489)</u>	<u>35,454</u>	<u>(19,118)</u>	<u>303</u>	<u>(743,034)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	37,324
Interaccount transfer in	-	66,000	-	-	-	-	-	-	-	1,046,282
Interaccount transfer out	-	-	-	(700,000)	(221,782)	-	-	-	-	(1,046,282)
Transfers in	-	-	-	-	-	-	-	19,118	-	4,718,727
Transfers out	-	-	-	(1,485,608)	-	-	-	-	-	(4,299,272)
Total other financing sources and uses	<u>-</u>	<u>66,000</u>	<u>-</u>	<u>(2,185,608)</u>	<u>(221,782)</u>	<u>-</u>	<u>-</u>	<u>19,118</u>	<u>-</u>	<u>456,779</u>
Net change in fund balances	3,670	(2,545)	(472)	111,616	1,006	(3,489)	35,454	-	303	(286,255)
Fund balances (deficit) - beginning	28,580	(1,622)	62,143	3,180,975	19,350	13,838	236,515	-	193,839	7,603,506
Fund balances - ending	<u>\$ 32,250</u>	<u>\$ (4,167)</u>	<u>\$ 61,671</u>	<u>\$ 3,292,591</u>	<u>\$ 20,356</u>	<u>\$ 10,349</u>	<u>\$ 271,969</u>	<u>\$ -</u>	<u>\$ 194,142</u>	<u>\$ 7,317,251</u>

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**Combining Schedule of Net Position – APWA Water Enterprise Fund Accounts – June 30, 2014**

	Water Enterprise Fund				Total
	Water Enterprise	Utilities Account	Series 2011 Note Account	APWA Water Loan Account	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,052,361	\$ -	\$ -	\$ -	\$ 1,052,361
Restricted cash and cash equivalents	-	209,550	1,004,455	21	1,214,026
Investments	1,500,000	-	-	-	1,500,000
Accounts receivable, net of allowance	621,255	-	-	-	621,255
Due from other funds	181,849	-	-	-	181,849
Other receivables	68	-	-	-	68
Inventories	252,552	-	-	-	252,552
Total current assets	<u>3,608,085</u>	<u>209,550</u>	<u>1,004,455</u>	<u>21</u>	<u>4,822,111</u>
Noncurrent assets:					
Land and other non-depreciable assets	61,762	-	-	-	61,762
Other capital assets, net of depreciation	28,366,912	-	-	-	28,366,912
Total noncurrent assets	<u>28,428,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,428,674</u>
Total assets	<u>32,036,759</u>	<u>209,550</u>	<u>1,004,455</u>	<u>21</u>	<u>33,250,785</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amount on refunding	-	-	46,342	-	46,342
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	339,459	-	627,125	-	966,584
Accrued interest payable	-	-	155,713	-	155,713
Due to other funds	243,943	-	-	-	243,943
Other payables	2,112	-	-	-	2,112
Current portion of:					
Compensated absences	11,988	-	-	-	11,988
Deposits subject to refund	-	41,910	-	-	41,910
Notes payable	-	-	3,095,000	-	3,095,000
Total current liabilities	<u>597,502</u>	<u>41,910</u>	<u>3,877,838</u>	<u>-</u>	<u>4,517,250</u>
Noncurrent liabilities:					
Compensated absences	107,896	-	-	-	107,896
Deposits subject to refund	-	167,640	-	-	167,640
Other postemployment benefit obligation	206,540	-	-	-	206,540
Notes payable	-	-	25,421,789	-	25,421,789
Total non-current liabilities	<u>314,436</u>	<u>167,640</u>	<u>25,421,789</u>	<u>-</u>	<u>25,903,865</u>
Total liabilities	<u>911,938</u>	<u>209,550</u>	<u>29,299,627</u>	<u>-</u>	<u>30,421,115</u>
<b>NET POSITION</b>					
Net investment in capital assets	28,428,674	-	(27,621,705)	-	806,969
Unrestricted (deficit)	2,696,147	-	(627,125)	21	2,069,043
Total net position	<u>\$31,124,821</u>	<u>\$ -</u>	<u>\$(28,248,830)</u>	<u>\$ 21</u>	<u>\$ 2,876,012</u>



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**Combining Schedule of Revenues, Expenses, and Changes in Net Position – APWA Water  
Enterprise Fund Accounts – Year Ended June 30, 2014**

	Water Enterprise Fund				Total
	Water Enterprise	Utilities Account	Series 2011 Note Account	APWA Water Loan Account	
<b>OPERATING REVENUES</b>					
Charges for services:					
Water	\$ 5,560,420	\$ -	\$ -	\$ -	\$ 5,560,420
Miscellaneous	80,794	-	-	-	80,794
Total operating revenues	<u>5,641,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,641,214</u>
<b>OPERATING EXPENSES</b>					
Water operations	3,110,296	-	-	-	3,110,296
Administration	-	-	564,188	-	564,188
Depreciation	1,810,222	-	-	-	1,810,222
Total operating expenses	<u>4,920,518</u>	<u>-</u>	<u>564,188</u>	<u>-</u>	<u>5,484,706</u>
Operating income (loss)	<u>720,696</u>	<u>-</u>	<u>(564,188)</u>	<u>-</u>	<u>156,508</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	3,688	-	132	-	3,820
Miscellaneous revenue	10,208	-	-	-	10,208
Gain on sale of capital assets	15,462	-	-	-	15,462
Interest expense	(359,460)	-	(305,894)	-	(665,354)
Total non-operating revenue (expenses)	<u>(330,102)</u>	<u>-</u>	<u>(305,762)</u>	<u>-</u>	<u>(635,864)</u>
Income (loss) before contributions and transfers	390,594	-	(869,950)	-	(479,356)
Capital contributions	1,115,088	-	-	-	1,115,088
Interaccount transfer in	14,095,274	-	2,193,649	-	16,288,923
Interaccount transfer out	(2,193,649)	-	(14,095,274)	-	(16,288,923)
Transfers in	2,890,155	-	877,590	-	3,767,745
Transfers out	(1,208,809)	-	(14,279,671)	-	(15,488,480)
Change in net position	<u>15,088,653</u>	<u>-</u>	<u>(26,173,656)</u>	<u>-</u>	<u>(11,085,003)</u>
Total net position - beginning	<u>16,036,168</u>	<u>-</u>	<u>(2,075,174)</u>	<u>21</u>	<u>13,961,015</u>
Total net position - ending	<u>\$ 31,124,821</u>	<u>\$ -</u>	<u>\$ (28,248,830)</u>	<u>\$ 21</u>	<u>\$ 2,876,012</u>

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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2014**

	Special Revenue Funds									
	<u>GAPS Tax Schools</u>	<u>Street and Alley</u>	<u>Library State Grant</u>	<u>Historical Grant</u>	<u>Pass Thru Grants</u>	<u>FAA Grant</u>	<u>Mayor's Anti Crime</u>	<u>Homeland Security Grant</u>	<u>JAG LLEB Grant</u>	<u>ADA Industrial</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	\$ 11,829	\$ 87,412	\$ 6,542	\$ -	\$ 28,361	\$ 27,013	\$ 975	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-
Receivable from other governments	181,849	39,020	-	753	-	6,387	-	-	-	181,849
Due from other funds	-	-	-	-	-	-	-	-	-	-
Other taxes receivable, net	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 181,849</u>	<u>\$ 50,849</u>	<u>\$ 87,412</u>	<u>\$ 7,295</u>	<u>\$ -</u>	<u>\$ 34,748</u>	<u>\$ 27,013</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ 181,849</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 11,513	\$ 729	\$ -	\$ 21,758	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	-	-	-	181,849
Total liabilities	<u>-</u>	<u>-</u>	<u>11,513</u>	<u>729</u>	<u>-</u>	<u>21,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,849</u>
Deferred Inflows of Resources:										
Deferred revenue	-	-	-	230	-	6,387	-	-	-	-
Fund balances:										
Restricted	181,849	-	74,726	5,643	-	-	26,008	-	-	-
Assigned	-	50,849	1,173	693	-	6,603	1,005	975	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>181,849</u>	<u>50,849</u>	<u>75,899</u>	<u>6,336</u>	<u>-</u>	<u>6,603</u>	<u>27,013</u>	<u>975</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 181,849</u>	<u>\$ 50,849</u>	<u>\$ 87,412</u>	<u>\$ 7,295</u>	<u>\$ -</u>	<u>\$ 34,748</u>	<u>\$ 27,013</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ 181,849</u>

(Continued)

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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2014, (Continued)**

	Special Revenue Funds			Capital Project Funds						
	<u>GAPS Tax</u> <u>City</u>	<u>Convention</u> <u>Tourism</u>	<u>Tobacco</u> <u>Settlement</u>	<u>Hazard</u> <u>Mitigation</u>	<u>Fire Capital</u>	<u>Downtown</u> <u>Executive</u> <u>Airport</u>	<u>Capital</u> <u>Improvement</u>	<u>CDBG Fund</u>	<u>Cemetery</u> <u>Care</u>	<u>Library</u> <u>Capital</u> <u>Improvement</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 504,195	\$ 2,461	\$ 1,237	\$ 10,094	\$ 45,161	\$ 43,817	\$ 948,655	\$ -	\$ 145,929	\$ 154,510
Investments	-	-	-	-	-	-	-	-	-	200,000
Receivable from other governments	181,849	-	-	-	-	2,191	-	-	-	-
Due from other funds	-	-	-	25,105	-	-	-	-	-	-
Other taxes receivable, net	-	89,863	-	-	-	-	-	-	-	-
Total assets	<u>\$ 686,044</u>	<u>\$ 92,324</u>	<u>\$ 1,237</u>	<u>\$ 35,199</u>	<u>\$ 45,161</u>	<u>\$ 46,008</u>	<u>\$ 948,655</u>	<u>\$ -</u>	<u>\$ 145,929</u>	<u>\$ 354,510</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and accrued liabilities	\$ 318,268	\$ -	\$ -	\$ -	\$ 2,226	\$ 31,349	\$ -	\$ 121,166	\$ 8,479	\$ 21,644
Due to other funds	-	-	-	-	-	-	-	-	-	346
Due to component unit	-	89,863	-	-	-	-	-	-	-	-
Total liabilities	<u>318,268</u>	<u>89,863</u>	<u>-</u>	<u>-</u>	<u>2,226</u>	<u>31,349</u>	<u>-</u>	<u>121,166</u>	<u>8,479</u>	<u>21,990</u>
Deferred Inflows of Resources:										
Deferred revenue	-	-	-	-	-	2,191	-	-	-	-
Fund balances:										
Restricted	340,898	2,461	1,237	35,199	-	-	-	-	137,450	324,440
Assigned	26,878	-	-	-	42,935	12,468	948,655	-	-	8,080
Unassigned (deficit)	-	-	-	-	-	-	-	(121,166)	-	-
Total fund balances	<u>367,776</u>	<u>2,461</u>	<u>1,237</u>	<u>35,199</u>	<u>42,935</u>	<u>12,468</u>	<u>948,655</u>	<u>(121,166)</u>	<u>137,450</u>	<u>332,520</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 686,044</u>	<u>\$ 92,324</u>	<u>\$ 1,237</u>	<u>\$ 35,199</u>	<u>\$ 45,161</u>	<u>\$ 46,008</u>	<u>\$ 948,655</u>	<u>\$ -</u>	<u>\$ 145,929</u>	<u>\$ 354,510</u>

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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2014, (Continued)**

	<u>Capital Project Funds</u>					<u>Debt Service Funds</u>			<u>Total-Other Governmental Funds</u>
	<u>Main Street Streetscape</u>	<u>Timber Grove Street Assessment</u>	<u>Champion Station Street Assessment</u>	<u>Streetscape II Assessment</u>	<u>Valley Ranch Road Assessment</u>	<u>Debt Service Fund</u>	<u>Ardmore Community Facilities Authority</u>	<u>TIF 2</u>	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 3	\$ 99	\$ 1,125	\$ 11,652	\$ 68,058	\$ 322,943	\$ 1,340,180	\$ 4,802,654	\$ 8,564,905
Investments	-	-	-	-	-	-	830,952	-	1,030,952
Receivable from other governments	-	-	-	-	-	5,502	-	-	599,400
Due from other funds	-	-	-	-	-	-	-	-	25,105
Other taxes receivable, net	-	-	-	-	-	-	-	-	89,863
Total assets	<u>\$ 3</u>	<u>\$ 99</u>	<u>\$ 1,125</u>	<u>\$ 11,652</u>	<u>\$ 68,058</u>	<u>\$ 328,445</u>	<u>\$ 2,171,132</u>	<u>\$ 4,802,654</u>	<u>\$ 10,310,225</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 537,132
Due to other funds	-	-	-	-	-	-	-	-	346
Due to component unit	-	-	-	-	-	-	-	-	271,712
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>809,190</u>
Deferred Inflows of Resources:									
Deferred revenue	-	-	-	-	-	3,821	-	-	12,629
Fund balances:									
Restricted	-	-	-	-	-	324,624	-	4,801,688	6,256,223
Assigned	3	99	1,125	11,652	68,058	-	2,171,132	966	3,353,349
Unassigned (deficit)	-	-	-	-	-	-	-	-	(121,166)
Total fund balances	<u>3</u>	<u>99</u>	<u>1,125</u>	<u>11,652</u>	<u>68,058</u>	<u>324,624</u>	<u>2,171,132</u>	<u>4,802,654</u>	<u>9,488,406</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3</u>	<u>\$ 99</u>	<u>\$ 1,125</u>	<u>\$ 11,652</u>	<u>\$ 68,058</u>	<u>\$ 328,445</u>	<u>\$ 2,171,132</u>	<u>\$ 4,802,654</u>	<u>\$ 10,310,225</u>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2014**

	Special Revenue Funds									
	<u>GAPS Tax</u> <u>Schools</u>	<u>Street and</u> <u>Alley</u>	<u>Library State</u> <u>Grant</u>	<u>Historical Grant</u>	<u>Pass Thru</u> <u>Grants</u>	<u>FAA Grant</u>	<u>Mayor's Anti</u> <u>Crime</u>	<u>Homeland</u> <u>Security Grant</u>	<u>JAG LLEB</u> <u>Grant</u>	<u>ADA Industrial</u>
<b>REVENUES</b>										
Taxes	\$ 1,381,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,030,348
Intergovernmental	-	234,419	25,586	3,863	4,000	23,771	-	7,413	32,779	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	5	142	-	-	-	35	-	-	-
Miscellaneous	-	-	125,000	252	-	6,185	194,070	-	-	-
Total revenues	<u>1,381,328</u>	<u>234,424</u>	<u>150,728</u>	<u>4,115</u>	<u>4,000</u>	<u>29,956</u>	<u>194,105</u>	<u>7,413</u>	<u>32,779</u>	<u>1,030,348</u>
<b>EXPENDITURES</b>										
Current:										
General government	397,284	-	-	-	-	-	-	-	-	1,030,348
Public safety	-	-	-	-	-	-	39,423	-	16,506	-
Street	-	479,511	-	-	-	-	-	-	-	-
Culture and recreation	-	-	42,070	4,199	-	-	-	-	-	-
Airport	-	-	-	-	-	26,726	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	54,672	-	4,000	-	8,584	7,413	18,022	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>397,284</u>	<u>479,511</u>	<u>96,742</u>	<u>4,199</u>	<u>4,000</u>	<u>26,726</u>	<u>48,007</u>	<u>7,413</u>	<u>34,528</u>	<u>1,030,348</u>
Excess (deficiency) of revenues over expenditures	<u>984,044</u>	<u>(245,087)</u>	<u>53,986</u>	<u>(84)</u>	<u>-</u>	<u>3,230</u>	<u>146,098</u>	<u>-</u>	<u>(1,749)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from interfund advance	-	-	-	-	-	-	-	-	-	-
Transfers in	-	283,915	-	-	-	-	32	-	1,781	-
Transfers out	(972,660)	(28,062)	-	-	(683)	-	(141,667)	-	(32)	-
Total other financing sources and uses	<u>(972,660)</u>	<u>255,853</u>	<u>-</u>	<u>-</u>	<u>(683)</u>	<u>-</u>	<u>(141,635)</u>	<u>-</u>	<u>1,749</u>	<u>-</u>
Net change in fund balances	11,384	10,766	53,986	(84)	(683)	3,230	4,463	-	-	-
Fund balances - beginning	170,465	40,083	21,913	6,420	683	3,373	22,550	975	-	-
Fund balances - ending	<u>\$ 181,849</u>	<u>\$ 50,849</u>	<u>\$ 75,899</u>	<u>\$ 6,336</u>	<u>\$ -</u>	<u>\$ 6,603</u>	<u>\$ 27,013</u>	<u>\$ 975</u>	<u>\$ -</u>	<u>\$ -</u>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2014, (Continued)**

	Special Revenue Funds				Capital Project Funds					
	GAPS Tax City	Convention Tourism	Tobacco Settlement	Hazard Mitigation	Fire Capital	Downtown Executive Airport	Capital Improvement	CDBG Fund	Cemetery Care	Library Capital Improvement
<b>REVENUES</b>										
Taxes	\$ 1,381,328	\$ 897,259	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	39,392	-	95,684	-	-
Charges for services	-	-	-	-	18,169	-	-	-	13,550	-
Investment earnings	1,094	-	-	-	58	41	1,481	-	217	560
Miscellaneous	25,000	-	-	-	5,199	24,851	246,312	-	-	28
Total revenues	<u>1,407,422</u>	<u>897,259</u>	<u>-</u>	<u>-</u>	<u>23,426</u>	<u>64,284</u>	<u>247,793</u>	<u>95,684</u>	<u>13,767</u>	<u>588</u>
<b>EXPENDITURES</b>										
Current:										
General government	42,615	-	384	-	-	-	-	-	-	-
Public safety	-	-	-	-	6,616	-	-	-	-	-
Street	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	100,023
Airport	-	-	-	-	-	13,272	-	-	-	-
Economic development	-	894,798	-	-	-	-	-	-	-	-
Capital outlay	2,033,899	-	-	-	7,157	63,593	-	526,659	9,033	90,443
Debt service:										
Principal	1,660	-	-	-	-	-	-	-	-	-
Interest and other charges	8	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>2,078,182</u>	<u>894,798</u>	<u>384</u>	<u>-</u>	<u>13,773</u>	<u>76,865</u>	<u>-</u>	<u>526,659</u>	<u>9,033</u>	<u>190,466</u>
Excess (deficiency) of revenues over expenditures	<u>(670,760)</u>	<u>2,461</u>	<u>(384)</u>	<u>-</u>	<u>9,653</u>	<u>(12,581)</u>	<u>247,793</u>	<u>(430,975)</u>	<u>4,734</u>	<u>(189,878)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from interfund advance	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	8	-	-	-	-	298,863	-	-
Transfers out	-	-	-	-	-	-	(250,000)	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>298,863</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(670,760)	2,461	(376)	-	9,653	(12,581)	(2,207)	(132,112)	4,734	(189,878)
Fund balances - beginning	1,038,536	-	1,613	35,199	33,282	25,049	950,862	10,946	132,716	522,398
Fund balances - ending	<u>\$ 367,776</u>	<u>\$ 2,461</u>	<u>\$ 1,237</u>	<u>\$ 35,199</u>	<u>\$ 42,935</u>	<u>\$ 12,468</u>	<u>\$ 948,655</u>	<u>\$ (121,166)</u>	<u>\$ 137,450</u>	<u>\$ 332,520</u>

(Continued)

**CITY OF ARDMORE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2014

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2014, (Continued)**

	Capital Project Funds					Debt Service Funds			Total-Other Governmental Funds
	Main Street Streetscape	Timber Grove Street Assessment	Champion Station Street Assessment	Streetscape II Assessment	Valley Ranch Road Assessment	Debt Service Fund	Ardmore Community Facilities Authority	TIF 2	
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,758	\$ -	\$ 1,930,962	\$ 6,793,983
Intergovernmental	-	-	-	-	-	-	-	-	466,907
Charges for services	-	-	-	-	-	-	-	-	31,719
Investment earnings	-	-	2	21	135	-	35,936	382	40,109
Miscellaneous	-	-	-	431	18,043	-	-	-	645,371
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>452</u>	<u>18,178</u>	<u>172,758</u>	<u>35,936</u>	<u>1,931,344</u>	<u>7,978,089</u>
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	13	52	20,384	-	447,784	1,938,864
Public safety	-	-	-	-	-	-	-	-	62,545
Street	-	-	-	-	-	-	-	-	479,511
Culture and recreation	-	-	-	-	-	-	-	-	146,292
Airport	-	-	-	-	-	-	-	-	39,998
Economic development	-	-	-	-	-	-	-	-	894,798
Capital outlay	-	-	-	-	-	-	-	-	2,823,475
Debt service:									
Principal	-	-	-	-	-	271,029	790,000	485,000	1,547,689
Interest and other charges	-	-	-	-	-	49,484	95,483	286,500	431,475
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>52</u>	<u>340,897</u>	<u>885,483</u>	<u>1,219,284</u>	<u>8,364,647</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2</u>	<u>439</u>	<u>18,126</u>	<u>(168,139)</u>	<u>(849,547)</u>	<u>712,060</u>	<u>(386,558)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Proceeds from interfund advance	-	-	-	-	-	340,897	-	-	340,897
Transfers in	-	-	-	-	-	-	972,660	-	1,557,259
Transfers out	-	-	-	(1,332)	(25,000)	-	-	-	(1,419,436)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,332)</u>	<u>(25,000)</u>	<u>340,897</u>	<u>972,660</u>	<u>-</u>	<u>478,720</u>
Net change in fund balances	-	-	2	(893)	(6,874)	172,758	123,113	712,060	92,162
Fund balances - beginning	3	99	1,123	12,545	74,932	151,866	2,048,019	4,090,594	9,396,244
Fund balances - ending	<u>\$ 3</u>	<u>\$ 99</u>	<u>\$ 1,125</u>	<u>\$ 11,652</u>	<u>\$ 68,058</u>	<u>\$ 324,624</u>	<u>\$ 2,171,132</u>	<u>\$ 4,802,654</u>	<u>\$ 9,488,406</u>

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2014**

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**Combining Statement of Net Position – Nonmajor Enterprise Funds – June 30, 2014**

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 22,166	\$ 17,933	\$ 40,099
Total current assets	<u>22,166</u>	<u>17,933</u>	<u>40,099</u>
Non-current assets:			
Capital Assets:			
Land and other non-depreciable assets	260,000	-	260,000
Other capital assets, net of depreciation	761,211	-	761,211
Total non-current assets	<u>1,021,211</u>	<u>-</u>	<u>1,021,211</u>
Total assets	<u>1,043,377</u>	<u>17,933</u>	<u>1,061,310</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	14	293	307
Total liabilities	<u>14</u>	<u>293</u>	<u>307</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,021,211	-	1,021,211
Unrestricted	22,152	17,640	39,792
Total net position	<u>\$ 1,043,363</u>	<u>\$ 17,640</u>	<u>\$ 1,061,003</u>



**CITY OF ARDMORE, OKLAHOMA**  
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**Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds – Year Ended June 30, 2014**

	<u>Lakeview Golf</u> <u>Course</u>	<u>Golf Course</u> <u>Building</u>	<u>Total</u>
<b>REVENUES</b>			
Charges for services - Golf	\$ 440,237	\$ 7,456	\$ 447,693
Miscellaneous	12,972	-	12,972
Total operating revenues	<u>453,209</u>	<u>7,456</u>	<u>460,665</u>
<b>OPERATING EXPENSES</b>			
Golf operations	497,482	4,582	502,064
Depreciation	45,809	-	45,809
Total Operating Expenses	<u>543,291</u>	<u>4,582</u>	<u>547,873</u>
Operating income (loss)	<u>(90,082)</u>	<u>2,874</u>	<u>(87,208)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	25	22	47
Gain on sale of capital assets	105,964	-	105,964
Total non-operating revenue (expenses)	<u>105,989</u>	<u>22</u>	<u>106,011</u>
Income before contributions and transfers	<u>15,907</u>	<u>2,896</u>	<u>18,803</u>
Capital contributions	184,867	-	184,867
Transfers in	51,000	-	51,000
Change in net position	<u>251,774</u>	<u>2,896</u>	<u>254,670</u>
Total net position - beginning	791,589	14,744	806,333
Total net position - ending	<u>\$ 1,043,363</u>	<u>\$ 17,640</u>	<u>\$ 1,061,003</u>

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2014**

**Combining Statement of Cash Flows – Nonmajor Enterprise Funds – Year Ended June 30, 2014**

	<u>Lakeview Golf Course</u>	<u>Golf Course Building</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 453,209	\$ 7,456	\$ 460,665
Payments to suppliers	(498,088)	(4,552)	(502,640)
Net Cash Provided by (Used in) Operating Activities	<u>(44,879)</u>	<u>2,904</u>	<u>(41,975)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	51,000	-	51,000
Net Cash Provided by Noncapital Financing Activities	<u>51,000</u>	<u>-</u>	<u>51,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	25	22	47
Net Cash Provided by Investing Activities	<u>25</u>	<u>22</u>	<u>47</u>
<b>Net Increase in Cash and Cash Equivalents</b>	6,146	2,926	9,072
<b>Balances - beginning of the year</b>	<u>16,020</u>	<u>15,007</u>	<u>31,027</u>
<b>Balances - end of the year</b>	<u>\$ 22,166</u>	<u>\$ 17,933</u>	<u>\$ 40,099</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 22,166	\$ 17,933	\$ 40,099
	<u>\$ 22,166</u>	<u>\$ 17,933</u>	<u>\$ 40,099</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (90,082)	\$ 2,874	\$ (87,208)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	45,809	-	45,809
Change in assets and liabilities:			
Accounts payables	(606)	30	(576)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (44,879)</u>	<u>\$ 2,904</u>	<u>\$ (41,975)</u>

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2014**

**Combining Statement of Net Position – Internal Service Funds – June 30, 2014**

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 21,072	\$ 905,647	\$ 926,719
Investments	-	500,000	500,000
Due from other funds	19,060	163,237	182,297
Inventories	26,223	-	26,223
Total assets	<u>66,355</u>	<u>1,568,884</u>	<u>1,635,239</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	37,376	3,650	41,026
Due to other funds	6,211	-	6,211
Compensated absences	2,462	-	2,462
Total current liabilities	<u>46,049</u>	<u>3,650</u>	<u>49,699</u>
Non-current liabilities:			
Compensated absences	22,162	-	22,162
Other postemployment benefit obligation	23,535	-	23,535
Claims payable	-	324,261	324,261
Total non-current liabilities	<u>45,697</u>	<u>324,261</u>	<u>369,958</u>
Total liabilities	<u>91,746</u>	<u>327,911</u>	<u>419,657</u>
<b>NET POSITION</b>			
Unrestricted (deficit)	(25,391)	1,240,973	1,215,582
Total net position	<u>\$ (25,391)</u>	<u>\$ 1,240,973</u>	<u>\$ 1,215,582</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds  
– Year Ended June 30, 2014**

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
<b>REVENUES</b>			
Charges for services	\$ 702,995	\$ 3,415,677	\$ 4,118,672
Miscellaneous	-	181,772	181,772
Total operating revenues	<u>702,995</u>	<u>3,597,449</u>	<u>4,300,444</u>
<b>OPERATING EXPENSES</b>			
General Government	689,582	3,562,155	4,251,737
Total operating expenses	<u>689,582</u>	<u>3,562,155</u>	<u>4,251,737</u>
Operating income	<u>13,413</u>	<u>35,294</u>	<u>48,707</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	4	1,890	1,894
Gain on sale of capital assets	351	-	351
Total non-operating revenue (expenses)	<u>355</u>	<u>1,890</u>	<u>2,245</u>
Change in net position	13,768	37,184	50,952
Total net position - beginning	(39,159)	1,203,789	1,164,630
Total net position - ending	<u>\$ (25,391)</u>	<u>\$ 1,240,973</u>	<u>\$ 1,215,582</u>

**CITY OF ARDMORE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2014**

**Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2014**

	<u>Garage Fund</u>	<u>Employee Benefit</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 702,995	\$ 3,597,449	\$ 4,300,444
Receipts (payments) from (to) other funds	(9,282)	660,842	651,560
Payments to suppliers	(359,472)	(489,949)	(849,421)
Payments to employees	(315,360)	-	(315,360)
Claims and judgments paid	-	(3,565,367)	(3,565,367)
Net Cash Provided by Operating Activities	<u>18,881</u>	<u>202,975</u>	<u>221,856</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sale of capital assets	351	-	351
Net Cash Provided by Capital and Related Financing Activities	<u>351</u>	<u>-</u>	<u>351</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	4	1,890	1,894
Net Cash Provided by Investing Activities	<u>4</u>	<u>1,890</u>	<u>1,894</u>
<b>Net Increase in Cash and Cash Equivalents</b>	19,236	204,865	224,101
<b>Balances - beginning of the year</b>	<u>1,836</u>	<u>700,782</u>	<u>702,618</u>
<b>Balances - end of the year</b>	<u>\$ 21,072</u>	<u>\$ 905,647</u>	<u>\$ 926,719</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 21,072	\$ 905,647	\$ 926,719
	<u>\$ 21,072</u>	<u>\$ 905,647</u>	<u>\$ 926,719</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 13,413	\$ 35,294	\$ 48,707
Change in assets and liabilities:			
Inventory	-	-	-
Due from other funds	-	493,161	493,161
Other receivables	-	167,168	167,168
Accounts payables	8,550	513	9,063
Due to other funds	(9,282)	-	(9,282)
Claims payable	-	(493,161)	(493,161)
Other post-employment benefit obligation	6,736	-	6,736
Accrued compensated absences	(536)	-	(536)
Net Cash Provided by Operating Activities	<u>\$ 18,881</u>	<u>\$ 202,975</u>	<u>\$ 221,856</u>

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2014**

**Schedule of Expenditure of Federal and State Awards**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Agency or Pass Thru Number	Program or Award Amount	Federal Expenditures
<b>FEDERAL ASSISTANCE:</b>				
<u>U.S. DEPARTMENT OF INTERIOR:</u>				
Passed through Oklahoma Historical Society:				
Historic Preservation Fund Grants-In-Aid	15.904	12-613	6,750	135
Historic Preservation Fund Grants-In-Aid	15.904	13-613	10,500	3,949
Historic Preservation Fund Grants-In-Aid	15.904	14-613	4,500	9
Sub-total CFDA 15.904			21,750	4,093
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bureau of Justice Assistance - JAG Grant				
Bureau of Justice Assistance - Edward Byrne Memorial Trust	16.738	2011-DJ-BX-3067	29,860	732
Bureau of Justice Assistance - JAG Grant	16.738	2012-DJ-BX-0735	25,928	880
Bureau of Justice Assistance - JAG Grant	16.738	2012-DJ-BX-0697	29,395	27,466
Sub-total CFDA 16.738			85,183	29,078
District Attorney's Council				
Sub-total CFDA 16.742	16.742	FSF123-006 / 2013CDBX0002	3,700	3,700
			3,700	3,700
Total U.S. Department of Justice				
			88,883	32,778
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Aeronautics Commission:				
Airport Improvement Program	20.106	3-40-0005-013-2011	272,222	23,671
Airport Improvement Program	20.106	3-40-0006-012-2012	110,700	1,457
Airport Improvement Program	20.106	3-40-0006-013-2013	94,680	37,935
Airport Improvement Program	20.106	3-40-0006-014-2014	822,426	2,191
Sub-total CFDA 20.106			1,300,028	65,254
Passed through Oklahoma Highway Safety Office:				
Drive Sober or Get Pulled Over	20.600	2013-DSOGPO	4,000	4,000
Sub-total CFDA 20.600			4,000	4,000
Total U.S. Department of Transportation				
			1,304,028	69,254
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce:				
CDBG/HUD Grant	14.228	14897 CDBG11	95,684	95,684
Sub-total CFDA 14.228			95,684	95,684
<u>U.S. DEPARTMENT OF LIBRARIES:</u>				
Grants to States - E-book grant				
Sub-total CFDA 45.310	45.310	CE-2014	1,314	1,314
			1,314	1,314
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management:				
Emergency Mgmt Reimb - State 12-13	97.042	EMPG 13	30,126	7,531
Emergency Mgmt Reimb - State 13-14	97.042	EMPG 14	30,126	22,594
Sub-total CFDA 97.042			60,252	30,125
Passed through Oklahoma Office of Homeland Security:				
Regional Response Sustainment	97.073	260.201	4,914	4,914
Regional Response Sustainment	97.073	260.102	2,499	2,499
Sub-total CFDA 97.073			7,413	7,413
Total U.S. Department of Homeland Security				
			67,665	37,538
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 1,579,324</b>	<b>\$ 240,661</b>

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>State Grantor/Pass Through Agency Grantor/Program Title</b>	<b>Grant #</b>	<b>Award Amount</b>	<b>Awards Expended</b>
<b>STATEAWARDS:</b>			
Oklahoma Department of Libraries:			
State Aid	N/A	\$24,272	\$24,272
Oklahoma Tobacco Settlement Endowment Trust:			
Health Communities Incentive Grant	TSET	10,000	384
Oklahoma Aeronautics Commission:			
State Portion	3-40-0005-014-2012	85,199	100
<b>TOTAL STATE AWARDS</b>		<b>\$119,471</b>	<b>\$24,756</b>

**Footnotes to Schedule of Expenditures of Federal and State Awards:**

1. The Schedule of Expenditures of Federal and State Awards is prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
2. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**CITY OF ARDMORE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2014**

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**INTERNAL CONTROL AND COMPLIANCE INFORMATION**

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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the City Commission  
City of Ardmore, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ardmore, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents, and have issued our report thereon dated April 1, 2015. The City of Ardmore, Oklahoma has chosen to omit all financial information related to its discretely presented component units, the inclusion of which is required by Generally Accepted Accounting Principles. Our opinions on the basic financial statements referred to above contains an adverse opinion related to the omission of the financial information of the discretely presented component units, and also contains a disclaimer of opinion on required supplemental information.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Ardmore, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Ardmore, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Ardmore, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Ardmore, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "Russell + William CPAs, PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
April 1, 2015